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ABSTRACT

This volume is the first in a new series of comparative studies carried out by EURYDICE (Education Information Network in the European Community) and is intended to provide in-depth analyses of specific issues of major interest for political decisionmakers and educational cooperation at the European level. The volume is organized into three sections. A general introduction with three sections describes the definition and scope of the study, its contextual elements, and a discussion of public resources devoted to student support. Part 1 describes present systems of student financial support and its chapters are: (1) "Registration and Tuition Fees"; (2) "Grants and Loans"; (3) "Cash Benefits Available to Families with Student Children"; (4) "Other Social Benefits"; (5) "Support for Study Abroad"; (6) "Support for Foreign Students"; and (7) "Models of Financial Support." Three chapters in part 2, "Contextual Analysis," include: (1) "How Support Systems Have Developed"; (2) "The Basis of Systems and Factors Underlying Changes to Them"; and (3) "Recent Debate and Current Prospects." A glossary, definitions of statistical tools, and tables that summarize country by country chronologies of reforms, aims, and context are also included. Appended are lists of EURYDICE network members and national experts. (CH)

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EURYDICE

Key topics in education

Volume I

Financial support for students in higher education in Europe

Trends and debates

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PREFACE

Higher education systems in Europe are characterised by substantial financial support to students, thus helping to secure access to this level of education for as many of them as possible. Out of 11 million European students, **30% receive grant support, while 12% obtain loans. In European Union countries on average, the amount spent annually by the State in this area accounts for almost a fifth of all public expenditure on higher education.**

Since the 1960s, the principle of equal access has been fundamental to the introduction of these various forms of financial support. The aim has been to ensure that insufficient financial resources do not prevent students with only modest incomes, who wish to undergo higher education, from doing so. Public-sector financial support has thus helped to make this level of education generally more accessible, enabling young people from poorer social backgrounds to embark on and pursue courses of study. As the third millennium approaches, and the demand for skills and qualifications increases, this trend is almost certain to grow stronger, and the various kinds of future financial support, as well as the budgets allocated to them, are likely to make a far from insignificant contribution to the continued effort to ensure that higher education becomes ever more widely available.

This issue is currently the subject of extensive discussion in all the Member States, in particular at a time when financial austerity is a watchword. In the European Union and EFTA/EEA countries, it has thus become vital that reliable and readily comparable information should be available on the subject. For this reason, the European Commission entrusted the EURYDICE network, assisted by national experts in the field, with the task of carrying out a comparative study to help improve understanding of not only the nature and forms of financial support awarded to students in higher education, but also the trends and major reforms characterising this area in the last 30 years.

As the European Union moves towards adoption of a new education programme, Socrates II, the present study provides information of major importance for strengthening European Community cooperation in this field. It also paves the way for the debate and discussion that will be required, at both European and national levels, on the future management of higher education systems.

DAVID O'SULLIVAN

Director General

DG XXII - Education, Training and Youth

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FOREWORD

The present volume dealing with financial support to students in higher education launches a new series called **Key Topics in Education** among the comparative studies carried out by EURYDICE. This series develops and extends, in particular, the scope of the report 'Key Data on Education in the European Union'. It will be recalled that this latter volume published regularly since 1994 offers a highly diversified range of indicators regarding the different levels of education. The purpose of the *Key Topics* series is to provide an in-depth analysis of specific issues considered to be of major interest for political decision-makers and educational cooperation at European level.

On the basis of a European Commission proposal, the Socrates Committee adopted the financing of education as the first such topic. More specifically, the analysis of financial support to students in higher education has been selected for the publication of this initial volume. A second volume, in the course of preparation, is devoted to methods of awarding and managing resources allocated to schools. Its publication is planned for the end of 1999.

The originality and special interest of this new **Key Topics in Education** series lie as much in the different dimensions covered by the analysis as in the methodology employed.

As regards content, the comparative analysis contains both a descriptive part and a contextual part. The descriptive part reviews in detail the various aspects and major parameters that facilitate understanding of the current situation in the area under consideration. Special emphasis is attached to differences and similarities in the operational methods of the countries concerned. The contextual part then covers the way systems have developed over three decades. It describes the reforms implemented in the various countries, drawing attention both to the factors that have inspired them and to the underlying aims of reform. In addition, this part has been informatively supplemented by a chapter on the main national debates on the issue in order to fuel discussion of it at European level. In the present study, the focus is on the components of systems of support to students, and on the development of the basic features comprising the different models at issue.

From the methodological standpoint, the realisation of such an undertaking has been made possible thanks not only to the reports on each country drafted by the National Units in the EURYDICE Network for the descriptive part, but also to the collaboration of national experts specialised in the field. Appointed by the members of the Socrates Committee, the latter have contributed to the preparation of that part of the study dealing with the contextual analysis of how systems have evolved. The national contributions were drafted by the National Units and experts on the basis of detailed questionnaires devised at the European Unit. Regular meetings with them provided an opportunity to take stock of progress, and to test the approaches adopted for the comparative analysis. The same persons also undertook re-reading of the draft analyses, correcting them where necessary and putting forward proposals for their improvement with a view to ensuring that the study would be as valuable and reliable as possible. The interaction and close collaboration between the different partners both at national level and with the EURYDICE European Unit greatly facilitated the realisation of this complex analysis dealing with a sensitive subject. The names of all those involved in the preparation of the study are listed at the end of the volume.

All macro-economic indicators given in the volume, mainly in the general introduction, were selected and prepared in close cooperation with Eurostat which was responsible for gathering and checking the data derived from the UOE (Unesco/OECD/Eurostat) questionnaires completed by the Member States of the European Union and the EFTA/EEA countries.

The EURYDICE European Unit is fully responsible for drafting the entire comparative analysis, the preparation of the diagrams and the layout of the publication.

The present volume consists of three major parts.

First, its **general introduction** gives an account of all the definitions required to understand the scope of the analysis. Accordingly, the kinds of higher education in each country and the population group concerned are clearly specified in an initial section in which the different forms of public financial support awarded to students are also defined and classified. In a second section, contextual elements related to the funding of higher education institutions and admission to higher education are indicated. Finally, the third section of the General Introduction comprises macro-economic indicators regarded as sufficiently reliable and helpful for the purpose of clarifying the analysis. They are based on the most recent data currently available, which relate to 1995/96.

The **descriptive part** contains seven chapters devoted to the comparative analysis of all forms of support selected for consideration. All this descriptive information is concerned with the 1997/98 academic year. Furthermore, reforms subsequent to this reference date are referred to and explained in the commentary.

The **contextual part** contains three chapters devoted, respectively, to changes in systems of financial support to students, to the factors that have inspired these changes and to the various debates focused on all related issues in the last ten years. At the end of this section is a set of tables giving a chronological summary of the reforms implemented, together with information on the context in which they occurred and the aims which were pursued in each individual country. These national summaries provide readers with an overview of the entire course of reform in a particular country, which may be considered aside from any comparative appraisal.

To make it easier to locate precise topics or items of information, and enable the study to be read selectively, each chapter focuses on a very specific subject, and may thus be read independently of the others. Wherever appropriate, a given parameter is cross-referenced to a particular chapter dealing with a related aspect. Furthermore, in order to heighten understanding of the systems of support as a whole, the descriptive part begins and concludes (Chapter 7) with a summary covering all aspects examined.

In the interests of clarity, numerical data in the statistical indicators, as well as the explanatory notes on methods of calculation, are placed directly under the diagrams. As only country codes are used in the tables and diagrams, a glossary of abbreviations, codes and conventions, along with the definition of the statistical tools adopted, have been incorporated at the beginning of the study.

GLOSSARY

ABBREVIATIONS

COUNTRY CODES

EU		European Union
B		Belgium
	B fr	Belgium – French Community
	B nl	Belgium – Flemish Community
	B de	Belgium – German-speaking Community
DK		Denmark
D		Germany
EL		Greece
E		Spain
F		France
IRL		Ireland
I		Italy
L		Luxembourg
NL		Netherlands
A		Austria
P		Portugal
FIN		Finland
S		Sweden
UK		United Kingdom
	E/W	England and Wales
	NI	Northern Ireland
	SC	Scotland

EFTA/EEA	European Free Trade Association/European Economic Area
IS	Iceland
LI	Liechtenstein
NO	Norway
CEECs	Central and east(ern) European countries

ABBREVIATIONS RELATIVE TO STATISTICAL INDICATORS

(*)	Estimate
Ø	Average
(:) N/A	Not available
(–)	Not applicable
EU-*x*	'European value' calculated on *x* Member States (for example: EU-14)
GDP	Gross domestic product
ISCED	International Standard Classification for Education
NUTS	Nomenclature of territorial units for statistics
PPP/ECU	Purchasing Power Parity (based on value of ECU)
ESA	European system of accounts
UOE	Unesco/OECD/Eurostat

ISO CODES FOR NATIONAL CURRENCIES

ISO code	Official name
ECU (1)	European currency unit
ATS	Austrian schilling
BEF	Belgian franc
CHF	Swiss franc (also legal tender in Liechtenstein)
DEM	German mark
DKK	Danish cronn (krone)
ESP	Spanish peseta
FIM	Finnish markka
FRF	French franc
GBP	Pound sterling
GRD	Greek drachma
IEP	Irish pound (punt)
ISK	Icelandic crown
ITL	Italian lira
LUF	Luxembourg franc
NLG	Dutch guilder
NOK	Norwegian crown (krone)
PTE	Portuguese escudo
SEK	Swedish crown (krona)

(1) Despite the ISO standard, which recommends XEU.

Source: European Communities. *Interinstitutional style guide — Vade-mecum for editors.1997 edition* Office for Official Publications of the European Communities. Brussels • Luxembourg. 1998. 163 p.

OTHER ABBREVIATIONS

AEI	*Anotato Ekpaideftiko Idryma* (Greece)
AGCD	*Administration generale de la cooperation au developpement* (French Community of Belgium)
AIE	*Aide Individuelle Exceptionnelle* (France)
ALF	*Allocation de logement familial* (France)
ALS	*Allocation de logement social* (France)
AMK	*Ammattikorkeakoulu* (Finland)
APL	*Aide personnalisée aux logements* (France)
BAföG	*Bundesausbildungsförderungsgesetz* (Germany)
CEEPUS	Central European Exchange Programme for University Studies
CESE	*Cursos de Estudos Superiores Especializados* (Portugal)
CGRI	*Commissariat general aux relations internationales* (French Community of Belgium)
CROUS	*Centre regional des œuvres universitaires et scolaires* (France)
DAAD	*Deutscher Akademischer Austauschdienst* (Germany)
DEA	*Diplôme d'etudes approfondies* (France)
DEUG	*Diplôme d'etudes universitaires generales* (France)
ECStA	European Council for Student Affairs
ELB	Education and Library Boards (Northern Ireland)
HBO	*Hoger Beroepsonderwijs* (Netherlands)
IAP	*Internationale Akademie fur Philosophie* (Liechtenstein)
KVU	*Korte videregaende uddannelser* (Denmark)
LA	Local Authority (Ireland)
LEA	Local Education Authority (United Kingdom)
MVU	*Mellemlange videregaende uddannelser* (Denmark)
NARIC	Network of National Academic Recognition Information Centres
NORDPLUS	Nordic Programme for the Mobility of University Students and Teachers
NUFFIC	Netherlands Organisation for International Cooperation in Higher Education
RME	*Revenu Minimum d'Etudiant* (France)
SAAS	Students Awards Agency for Scotland (United Kingdom)
SNCB	*Societe nationale des chemins de fer belges* (Belgium)
TEI	*Technologiko Ekpaideftiko Idryma* (Greece)
VEC	Vocational Education Committee (Ireland)
WO	*Wetenschappelijk onderwijs* (Netherlands)

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DEFINITION
OF STATISTICAL TOOLS

THE UOE DATA COLLECTION

The UOE (Unesco/OECD/Eurostat) data collection is an instrument through which these three organisations jointly collect internationally comparable data on key aspects of education systems on an annual basis using administrative sources. Data collected cover enrolments, new entrants, graduates, educational personnel, education institutions and educational expenditures. The specific breakdowns include level of education, sex, age, type of programme (general/vocational), mode (full-time/part-time), type of institution (public-private), field of study and country of citizenship. In addition, to meet the information needs of the European Commission, Eurostat collects enrolment data by region and on foreign language learning.

THE PUBLIC FUNDS CONCERNED

Only public funds are taken into account here. No distinction is made between authorities in the education sector and other public authorities. Consequently, not only education ministry expenditure is included, but also expenditure on education by other ministries or authorities.

FINANCIAL SUPPORT FOR STUDENTS

In accordance with the definition in the UOE questionnaire, this is understood as covering grants and other assistance, on the one hand, and student loans on the other.

The first category theoretically includes grants in the strict sense, grants in the wider sense (endowments, prizes etc.), the value of any special assistance provided for students in cash or in kind (such as free travel or reduced prices on public transport) as well as family allowances and tax allowances for students who are dependent children (in Belgium, Germany, Greece, Spain, France, Italy, Luxembourg, Austria, Portugal and Liechtenstein). However, those countries (except Belgium) that provide family allowances have not included them in the data appearing here. Tax advantages are not included under the Member States that provide them (Belgium, Germany, Greece, Spain, France, Italy, Luxembourg, Austria, Portugal and Liechtenstein).

The second category comprises loans, of which the gross amount is considered here, (i.e. without deducting repayments made by borrowers from previous years).

THE INTERNATIONAL STANDARD CLASSIFICATION FOR EDUCATION (ISCED)

In order to facilitate comparison between countries, the different levels of national education have been allocated the various ISCED categories as follows:

ISCED 0: pre-primary education
ISCED 1: primary education
ISCED 2: lower secondary education
ISCED 3: upper secondary education
ISCED 5, 6, 7: higher education.

Due to discrepancies in the allocation of data to the three ISCED levels comprising higher education, data in this report refer to the three levels combined. The three levels are:

ISCED 5: higher education programmes generally leading to an award not equivalent to a university first degree but admission to which requires at least the completion of upper secondary education.
ISCED 6: higher education programmes leading to a first degree or equivalent.
ISCED 7: higher education programmes leading to a postgraduate degree or equivalent.

Beginning with data gathered for the 1997/98 academic year, a new classification is used. The categories 0, 1, 2 and 3 remain unchanged. A category 4 has been created, and corresponds to post-secondary education outside higher education. Category 5 covers university and non-university courses in higher education leading to a first qualification. Admission to them requires as a minimum the satisfactory completion of upper secondary education, or equivalent courses offered in post-secondary education. Category 6 covers courses in higher education leading to an advanced research qualification. Category 7 is abolished.

EUROSTAT DEMOGRAPHIC DATABASE

The national demographic data are collected by Eurostat from responses to an annual questionnaire sent to the national statistical institutes of the Member States of the European Union and EFTA/EEA countries. The annual national population estimates are based either on the most recent census or on data extracted from the population register. Data at regional level are collected by Eurostat for the Member States of the European Union only.

PURCHASING POWER PARITIES (PPP)

Financial data converted at market exchange rates do not give a true comparison of the actual volumes of goods and services to which they correspond. Exchange rates undergo variations not necessarily related, in the short term, to those of basic macroeconomic aggregates (growth in GDP, inflation rates, the balance of capital, etc.). Furthermore, price levels may vary from one country to another in a manner not entirely compensated for by exchange rates.

To allow for these differences, Eurostat calculates purchasing power parities, which are alternative exchange rates ensuring that the sums converted have the same purchasing power.

The basis for these purchasing power parities is data on prices of a list of products which are representative in the countries participating and strictly comparable between countries. The PPP/ECU values given in this document are national currency values converted by means of purchasing power parities so as to be expressed in terms of a common reference criterion which, by eliminating different currency units and price levels, enables a comparison of data from one country to the next. These values are not, therefore, expressed in an existing currency unit, but as an imaginary unit very close to the ECU (or the euro since 1 January 1999). For convenience, the acronym PPP/ECU has been adopted to represent this unit. It is thus neither the ECU (euro) of financial markets, nor the purchasing power standard. The latter is used in some publications, and corresponds to a technically similar, yet different method of calculation.

THE 'EUROPEAN VALUE' AND THE 'EUROPEAN AVERAGE'

The 'European value', generally represented in the graphs by a block at the left-hand side (EU + number of countries for which data are available) is the value of the ratio obtained if all the countries of the European Union for which data are available formed a single unit. In the case of the ratio of 'student support/GDP', for example, it is calculated by expressing in a common currency (purchasing power parities) the values obtained in each country for the amount of support to students in higher education, on the one hand, and for the GDP, on the other. The amounts of student support in all the countries are then added up, as are their GDPs. The 'European value' is obtained by dividing the first total by the second as was done in the case of the individual countries.

The 'European value' weights the data with respect to the size of countries to give a good idea of the situation in the Union as a single entity. It is used when the main unit of observation being analysed is the social player (individual, group, institution or association) with whose scale the statistical measurement is directly concerned.

However, when considering higher education institutions, or even students, this weighting with respect to the size of countries no longer appears relevant, since it is the policy of each of the countries *vis-à-vis* each of its institutions or each of its students which is compared. It is not necessary to weight data when policies are compared. The 'European average' is therefore used when the intention is to emphasise the fact that countries all correspond to autonomous decision-taking political entities and, as a result, assume equal importance for comparative purposes.

The 'average' referred to is the unweighted arithmetical average (i.e. the same weight is given to each country, whatever its area or population) of the values obtained for all the countries for which data are available.

For example, in the 'European value' of the financial support for each student, the emphasis is on students, all of whom are considered equivalent throughout the European Union. It relates to the average support received by any student in the EU. By contrast, the 'European average' focuses on the Member States, each of which is accorded identical significance. It defines the political decision that corresponds to the average of decisions in the Member States.

WEIGHTINGS USED TO CONVERT TO 'CALENDAR YEAR' DATA THOSE COLLECTED ON THE BASIS OF AN ACADEMIC YEAR

The following weightings have been used to obtain attendance figures for 1996, bearing in mind that academic years do not match calendar years:

WEIGHTING GIVEN TO THE NUMBER OF STUDENTS IN THE 1995/96 ACADEMIC YEAR	WEIGHTING GIVEN TO THE NUMBER OF STUDENTS IN THE 1996/97 ACADEMIC YEAR	COUNTRIES FOR WHICH THE WEIGHTING HAS BEEN USED
	1/3	**B, DK, D, EL, E, IRL, L, NL, A, FIN** and **LI**
1	0	**S** and **UK**
0	1	**F, I, P, IS** and **NO**

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General Introduction

SECTION 1

DEFINITION OF THE SCOPE OF THE STUDY

This thematic study presents a comparative analysis of the systems of public financial support available to higher education students in the Member States of the European Union and the EFTA/EEA countries (Iceland, Liechtenstein and Norway). The first part of the General Introduction defines the scope of the study, describing the higher education institutions in the various countries, the organisation of the areas of study included in the analysis, the broad characteristics of the student population and the types of financial support considered.

A. HIGHER EDUCATION

A.1. HIGHER EDUCATION INSTITUTIONS

In defining what is meant by higher education, reference is usually made to the former International Standard Classification for Education (ISCED) categories 5, 6 and 7 (see the definition of statistical tools). This classification, used in the compilation of internationally comparable statistics, includes institutions that can be of very different kinds.

In one group of countries, these ISCED categories clearly embrace two kinds of institutions – university and non-university. The non-university institutions are the *Korte videregaende uddannelser* and the *KVU-/MVU-institutioner* in Denmark, technological institutes in Greece, the institutions providing *formación profesional de grado superior*, as well as advanced level art courses (*enseñanzas artísticas de grado superior*) and various specialised courses[1] in Spain, the *grandes ecoles*, specialised colleges and institutions providing short higher education courses in France, the Institutes of Technology in Ireland, the *Istituti Superiori per le Industrie Artistiche*, the *Accademia di Belle Arti* and the *Istituti Superiori di Educazione Fisica* in Italy, the HBO in the Netherlands, the *Fachhochschulen* and *Akademien* in Austria, the *Institutos Politecnicos* in Portugal, the *Ammattikorkeakoulu* (AMK) institutions in Finland, and the *Sérkólar* in Iceland. This division between university and non-university institutions does not necessarily reflect the level of education. Qualifications awarded by non-university institutions in France (the *grandes ecoles*), Ireland (in certain limited cases), Austria (the *Fachhochschulen*) and Portugal generally enable holders to proceed to doctoral studies.

In another group of countries, the higher education institutions form a single block in that the universities and non-university institutions can offer the same qualifications. This is the situation, in particular, in Sweden, the United Kingdom and Norway.

Finally, in a third group of countries, the ISCED higher education categories include both the higher education institutions (universities and colleges) and other institutions which, according to the country's own classification, are not part of 'higher education'. Examples of these are the adult education institutes (*ecoles de promotion sociale*) in Belgium and, amongst others, the *Berufsakademien*, *Fachakademien* and *Schulen des Gesundheitswesens* in Germany and the vocational colleges in Finland. In these countries, all the institutions in the three ISCED categories come under what is termed 'tertiary education'.

[1] Advanced military training, interior design, civil aviation, etc.

This volume on financial support covers in the descriptive part, and more particularly in the chapter on grants and loans, all higher education institutions included under the ISCED categories 5, 6 and 7 in many countries. In some, however, certain institutions have been left out. The table below (Figure 1) sets out the different institutions in each country and indicates which of them are covered in this study, i.e.:

- all higher education institutions in Denmark, Greece, France, Ireland (with the exception of private institutions), Luxembourg, the Netherlands, Austria, Portugal, Sweden, the United Kingdom, Iceland, Liechtenstein and Norway;
- universities in Spain and Italy;
- universities and non-university higher education institutions in Belgium (excluding higher education provided under 'adult education') and in Germany (excluding the *Fachschulen*, *Berufsakademien*, *Fachakademien* and *Schulen des Gesundheitswesens*), as well as the universities and AMK institutions in Finland.

FIGURE 1: INSTITUTIONS OF HIGHER EDUCATION, COVERED IN THIS STUDY, 1997/98

	INSTITUTIONS COVERED IN THIS STUDY	INSTITUTIONS NOT COVERED IN THIS STUDY
	EFTA/EEA	
B fr	*Hautes écoles* Universities	Other institutions: courses under headings such as *promotion sociale*, *classes moyennes* (which are mainly 'adult education')
B nl	*Hogescholen* Universities	Other institutions
DK	Universities and the *KVU-/MVU-institutioner*	
D	*Universitäten, Universitäten-Gesamthochschulen, Technische Hochschulen, Technische Universitäten, Theologische Hochschulen, Padagogische Hochschulen* *Kunst- und Musikhochschulen, Fachhochschulen*	*Fachschulen, Berufsakademien, Fachakademien, Schulen des Gesundheitswesens*
EL	Universities and TEI	
E	University sector	Non-university sector
F	Universities, *grandes écoles*, short higher education courses	
IRL	Universities, Institutes of Technology	Private Higher Education Colleges
I	Universities	Non-university sector
L	Limited number of higher education institutions	
NL	Universities (WO institutions) and *Hogescholen* (HBO institutions)	
A	Universities, *Fachhochschulen, Akademien*	
P	Universities and *Institutos politecnicos*	
FIN	Universities, AMK institutions	Vocational colleges
S	Universities and *Högskolor*	
UK	Universities and colleges	
	EFTA/EEA	
IS	Universities and *Sérkólar*	
LI	*Fachhochschule, Hochschulinstitute*	*Forschungsinstitute*
NO	Universities and university colleges, state colleges and art colleges *Kunsthøgskolen*	

Source: Eurydice.

Luxembourg and **Liechtenstein**: Most students study abroad.
United Kingdom: Students taking higher education courses in Colleges of Further Education are also covered in this survey.
Iceland: A considerable number of students study abroad.

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A.2. ORGANISATION OF COURSES OF STUDY

In most countries, financial support is allocated on a different basis depending on whether the student is starting an undergraduate course (or equivalent), a higher qualification, advanced study or research. It is therefore necessary to give an indication of the way courses of study are organised in the different countries. As the diagrams in the 1997 edition of **Key data on education in the European Union** illustrate [2], there are considerable differences between countries in students' pathways from their first year to the award of the highest qualification at doctoral level, more especially as regards the number of qualifications involved and the typical duration of these studies.

Within general university courses in some countries, an initial qualification is awarded after a relatively long period of study (a minimum of four years) and secures direct admission to doctoral courses. This is the situation with the *licence/licentiaat* in Belgium [3], the *Ptychio* in Greece, the *Diploma di Laurea* in Italy, the *doctorandus* in the Netherlands, the *Magister* in Austria, and all qualifications in Liechtenstein. In Germany, students awarded a qualification (*Magisterprüfung, Diplomprüfung, Staatsprüfung, Lizenziatenprüfung, Fakultätsprüfung* and *Kirchliche Prüfung*) in which they achieve a certain standard of academic performance, in a university or equivalent institution, may embark on a doctorate. In Portugal, the *Licenciatura* or an equivalent course may be directly followed by a doctorate. However, in most cases students complete a *Mestrado* (Master's degree) before embarking on doctoral studies. In higher education at polytechnic institutions, a three-year course for the *Bacharelato* has to be followed by additional studies, the one-and-a-half to two-year *Curso de estudos superiores especializados*, before undertaking a doctoral course.

Within general university courses in another group of countries, a first degree is awarded after a minimum of three years of study. The student then generally takes a second qualification before starting doctoral studies. Admission to doctoral studies usually depends on taking two qualifications. This is the situation in Denmark (3 + 2 years – *bachelor* and *candidatus*), Ireland (3 + 1 minimum – Bachelor and Master) and Iceland (3/4 + 2 – *Bachelor/Kandidatsprof* and *Master*). France can also be included in this category. Although the system there is very complex, general courses are based on the 3 + 1 structure, with the *licence* followed by the *maîtrise* [4]. In these countries, longer courses (in medicine, architecture and engineering, etc.) do not have to be followed by an additional qualification to secure admission to doctoral studies.

In yet other countries, there are a variety of arrangements that depend on the courses concerned. In Spain, some general courses (*Licenciatura, Ingeniería, Arquitectura*) spread over a period of four, five or six years may be directly followed by studies for a doctorate. Other shorter (three-year) courses lead to an initial qualification (*Diplomado, Ingeniero Técnico* or *Arquitecto Técnico*) which, when supplemented by an additional two-year qualification (*Licenciado, Ingeniero* or *Arquitecto*), may then be followed by doctoral studies. University courses in Finland generally have a 3 + 2 structure, though with some variation depending on the courses concerned. However, it should be noted that most students prefer to by-pass the three-year intermediate qualification of *kandidaatti*, and study directly from the outset for the five-year *maisteri*. In Norway, in most fields, doctoral studies are subsequent to courses organised in 4 + 2 or 3 ½ + 1 ½ years whereas, in other subjects, a qualification awarded after five or six years may be directly followed by a doctorate.

In Sweden, an initial qualification of *Kandidat* obtained after a three-year course may lead either to doctoral courses, lasting four years, or study for the *Licentiat* lasting two. However, it is becoming increasingly common for students to embark on a doctorate or *Licentiat* after obtaining the four-year qualification of *Magister*. Finally, within the United Kingdom, the organisation of studies in Scotland is different from elsewhere. In England, Wales and Northern Ireland, an initial qualification, a general or honours degree, is usually awarded after three or four years' study, and in the case of an honours

[2] For further information, see Figure F1 (p. 80) of the report, *Key data on education in the European Union, 1997*, European Commission, Luxembourg, Office for Official Publications of the European Communities, 1998.

[3] **Belgium**: The *candidature/kandidatuur* is not included here, as it is an intermediate qualification marking the end of a stage rather than a final qualification.

[4] **France**: The DEUG is not covered here. It is closer to the end of a stage than to a final qualification. Similarly, the DEA – in as far as it is an intermediate qualification – is not considered as being essentially preparatory to the doctorate. The structure of university degrees is currently under discussion with a view to simplification and moving towards European harmonisation.

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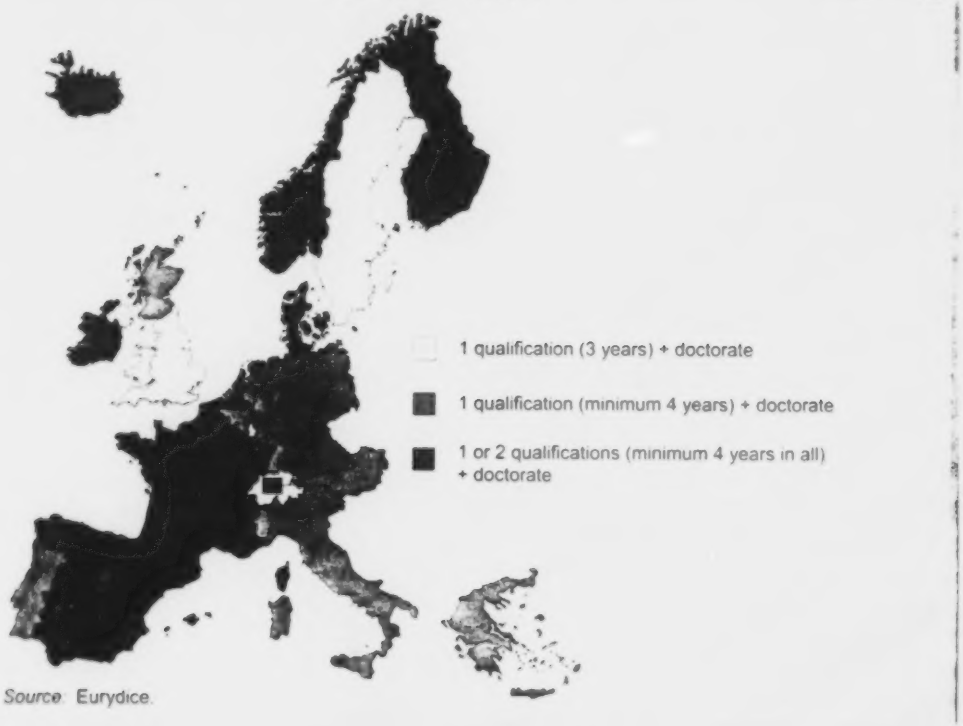
degree, may lead to studies for a doctorate. An honours degree may also lead to courses for a Master's degree. By contrast, in Scotland, a general degree is normally awarded after three years, and the honours degree leading to studies for a doctorate, after four.

Examination of how studies are organised in the different countries reveals the extent to which course options vary once an initial qualification has been obtained. In some cases, students may embark immediately on a doctorate while, in others, they have to acquire a second qualification before doing so. Furthermore, in certain countries, doctorates are an integral part of study within higher education while, in others, they are regarded as the first stage in a professional academic career. Such variations mean that analysis of support to students who continue their studies after being awarded an initial qualification, is extremely complex. For all these reasons, the present volume on financial support covers studies leading to a first qualification. However, a few details regarding the extension of support for study for a second qualification, or a doctorate, are to be found in the individual chapters.

FIGURE 2: MAIN PATTERNS OF ORGANISATION OF GENERAL UNIVERSITY COURSES LEADING TO A DOCTORATE, 1997/98


1 qualification (3 years) + doctorate
1 qualification (minimum 4 years) + doctorate
1 or 2 qualifications (minimum 4 years in all) + doctorate

Source: Eurydice.

Luxembourg: A limited range of courses is available, and only the first year of university courses, and some higher training courses.

B. THE STUDENT POPULATION

In all of the countries, everyone normally registered in an officially recognised higher education institution is regarded as a student. Beyond this, there is no official definition of the status of a higher education student.

This does not, however, mean that the characteristics of the student population are the same in all the systems. In practice, even though students do not have a specific status, there are differences between countries depending on whether they regard over-18-year-olds in the population as financially independent of their families or, conversely, as dependants. The system of support available to students is influenced by whichever of these principles applies.

Moreover, higher education participation rates vary from country to country, as does the age structure of the student population involved.

B.1. PARTICIPATION RATES

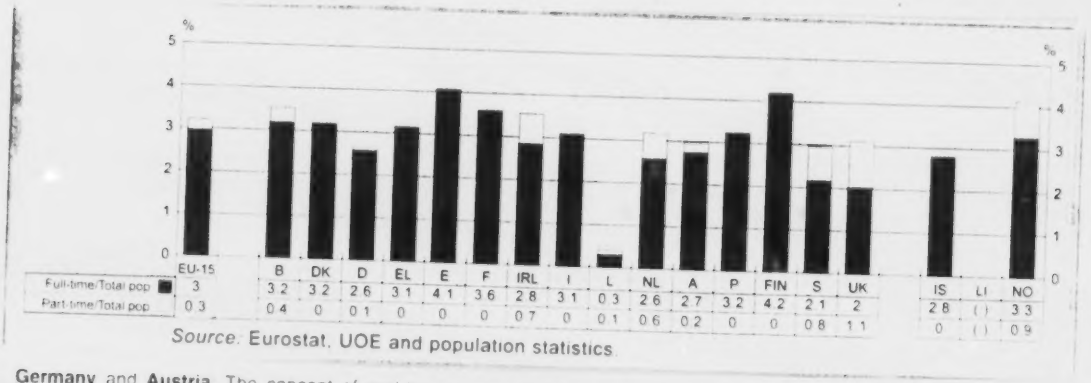
The indicator given in Figure 3 shows the proportion, in relation to the total population of each country, of students in higher education, giving values for both full-time and part-time students. Most countries distinguish between these two categories.

It is important to note that the statistical indicator is calculated on the basis of data including all students under ISCED categories 5, 6 and 7 and that, in some countries, these categories include tertiary sector institutions outside higher education which are not covered in this study (see A.1).

From the figure, it is clear that there are variations between European countries. In Spain, Finland and Norway, the participation rates are greater than 4%, whereas in Germany, Austria, Sweden and Iceland, they are less than 3%. Several countries have a significant proportion of part-time students: Ireland, the Netherlands, Sweden, the United Kingdom and Norway. As a general rule (the exceptions being Sweden and Norway), financial support is allocated only to full-time students, which explains why the present survey is concerned essentially with the latter.

Data only include students following courses in their own country, which accounts for the very low proportions in Luxembourg and Liechtenstein, most of whose students study abroad. Similarly, the significant proportion of Icelandic students who do so has an effect on participation rates in Iceland.

FIGURE 3. HIGHER EDUCATION PARTICIPATION RATES RELATIVE TO TOTAL POPULATION, 1995/96



Source: Eurostat, UOE and population statistics.

Germany and **Austria**: The concept of part-time student is non-existent in higher education. The part-time proportions shown in the figure correspond to students registered in the tertiary sector outside higher education.
France, **Italy** and **Portugal**: The concept of part-time student in higher education is non-existent.
Liechtenstein: National data: 1.29%. Sources: *Rechenschaftsbericht 95* and *Internationale Hochschulvereinbarungen 94*.

EXPLANATORY NOTE

The figures for students in higher education are for ISCED levels 5, 6 and 7 at the time the data were gathered. The percentages are obtained by dividing the number of students registered in higher (tertiary) education by the total population of the country.

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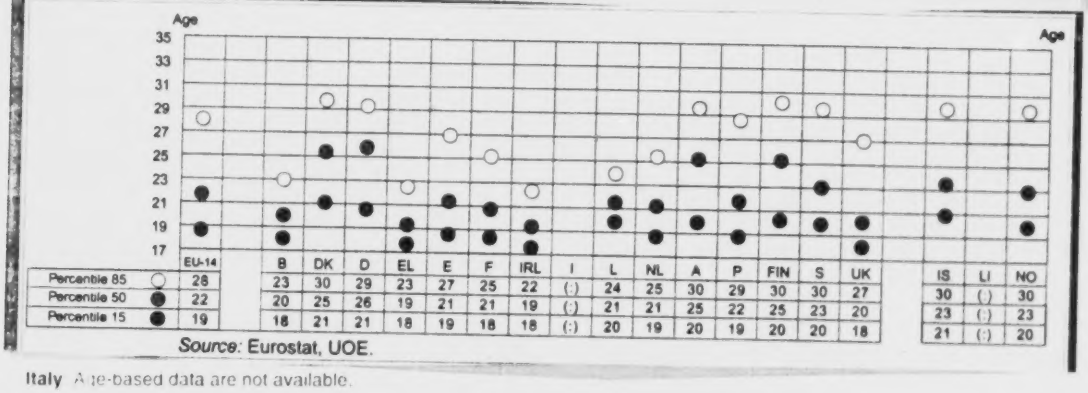
B.2. AGE STRUCTURE OF THE FULL-TIME STUDENT POPULATION

In a survey of financial support for students, the question of their age is crucial. The needs of 20-year-olds differ from those of 30-year-olds, so it is of interest to consider variations between countries with a majority of relatively very young students and those in which students are generally older. Moreover, the award of student support is usually subject to certain age conditions. Figure 4 makes it possible to identify the age band accounting for the majority of students in each country. It shows the age level corresponding to the 15th, median and 85th percentile of the student age distribution. The 15th and 85th percentiles have been chosen to cover 70% of the student population.

FIGURE 4: AGE STRUCTURE OF THE FULL-TIME STUDENT POPULATION, 1995/96



	EU-14	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	IS	LI	NO
Percentile 85	28	23	30	29	23	27	25	22	(:)	24	25	30	29	30	30	27	30	(:)	30
Percentile 50	22	20	25	26	19	21	21	19	(:)	21	21	25	22	25	23	20	23	(:)	23
Percentile 15	19	18	21	21	18	19	18	18	(:)	20	19	20	19	20	20	18	21	(:)	20

Source: Eurostat, UOE.

Italy: Age-based data are not available.

EXPLANATORY NOTE

The indicator shows the age of full-time students corresponding to the age distribution at the 15th, median and 85th percentiles. It also indicates the age-range accounting for 70% of these students (those between the 15th and 85th percentiles).

In general, on the basis of Figure 4, the countries fall into four categories as follows:

Category A. Those in which the student population is relatively young, with its age distribution concentrated in the 18-23-year-old group. This applies to Belgium, Greece, Ireland and Luxembourg which only provides for a single year of university education.

Category B. Those in which the age distribution mainly covers the 19-25 or 19-27 age-ranges, with a majority of relatively young students (corresponding to a median age of less than 22). The countries concerned are Spain, France, the Netherlands and the United Kingdom.

Category C. Those in which the distribution is more widely stretched mainly between the ages of 19 or 20 and 29 or 30, but where students are still relatively young (with the median age less than 23). These countries are Portugal, Sweden, Iceland and Norway.

Category D. Those in which the distribution is at its broadest, essentially concentrated between the ages of 20 and 30, and in which students are much older (with the median age over 25). This applies to Denmark, Germany, Austria and Finland.

These variations in age distribution help to explain why, as will be discussed in due course, the issue of student financial independence is more significant in some countries than in others.

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B.3. PARTICIPATION RATES WITH RESPECT TO THE REPRESENTATIVE AGE-RANGE IN EACH COUNTRY

The participation rate expressed as a percentage of the total population, in the way shown in Figure 3, provides an initial level of information. However, demographic variations in age-ranges not involved in higher education may influence the comparison. It thus helps to provide this information with reference to the participation rates for a given age-range. Selecting exactly the same age-range for all countries raises serious problems, for in countries where the student age distribution is very widely spread, its upper limit excludes part of the student population from the calculation whereas, in other countries, all students are included thereby distorting the comparison. Furthermore, in countries in which the age distribution is concentrated within a range of four to five years, it is pointless to calculate a participation rate for a much broader age-range. For these reasons, the indicator in Figure 5 shows full-time student participation rates for an age-range which, in each country, covers 70% of the population. More specifically, the limits of this age-range correspond to the 15th and 85th percentiles, and thus vary from one country to the next to take into account as far as possible the characteristics of the student population in each.

Figure 5 thus focuses on the proportion of students within the total population of the most representative age-range in each country. Colour is used as a reminder of the categories in Figure 4, and enables the participation rates of those with similar distributions to be compared.

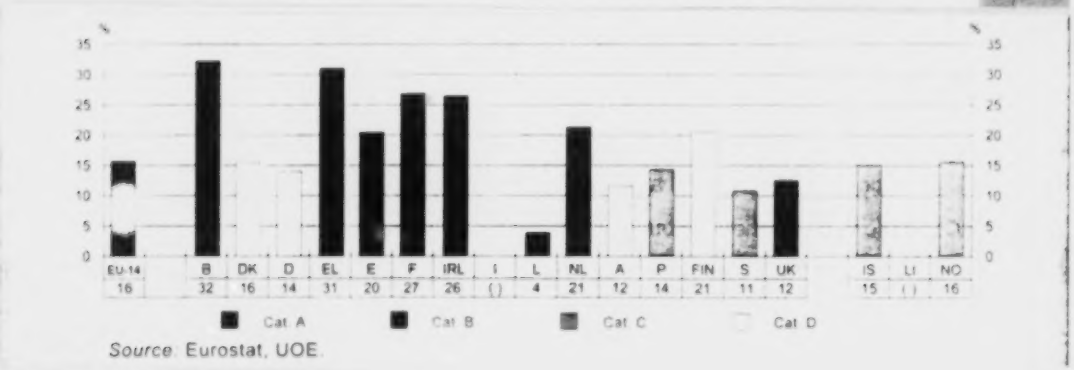
In the first group of countries (Category A), participation rates are higher in Belgium and Greece than in Ireland.

In the second group (Category B), participation rates are higher in Spain, France and the Netherlands than in the United Kingdom.

In the third group (Category C), participation rates are virtually identical.

In the fourth group (Category D), participation rates are high in Finland, average in Denmark and relatively lower in Germany and Austria.

FIGURE 5. PARTICIPATION RATES FOR FULL-TIME STUDENTS IN THE REPRESENTATIVE AGE-RANGE FOR EACH COUNTRY, 1995/96



Source: Eurostat, UOE.

Italy: Age-based data are not available.
Luxembourg: Most students study abroad.
Liechtenstein: Most students study abroad. National data between ages 17 and 28: 6.6%.

EXPLANATORY NOTE

The percentages determined in relation to the x-axis are obtained by dividing the number of full-time students in the age-range identified for each country in Figure 4 (between the 15th and the 85th percentiles) by the total number of young people in the same age-range.

The ages determined in relation to the y-axis correspond to the number of years covered by the same age-range.

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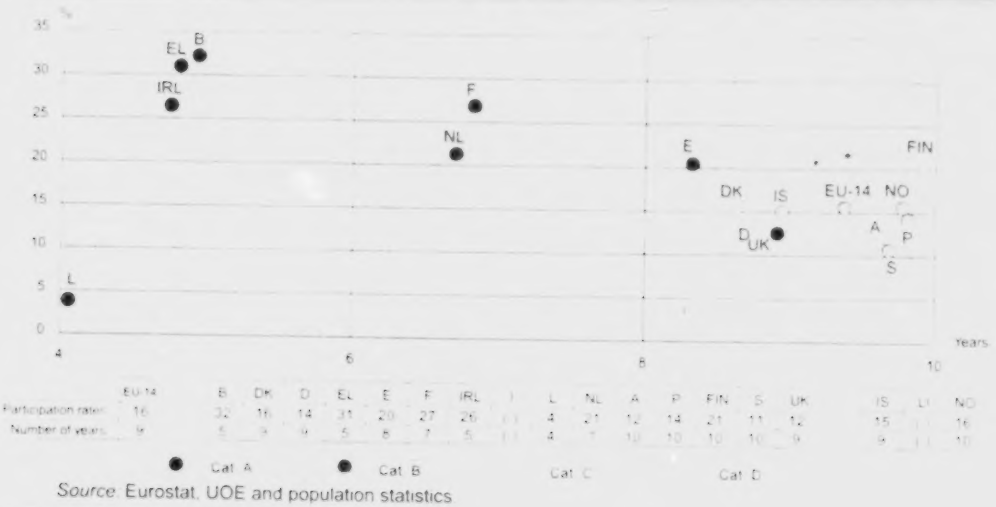
B.4. RELATION BETWEEN PARTICIPATION RATES AND THE NUMBER OF YEARS COVERED BY THE REPRESENTATIVE AGE-RANGE FOR EACH COUNTRY

Figure 6 provides confirmation of what is already suggested in Figure 5: the greater the number of years covered by the representative age-range for a country, the lower the national participation rate. When reading the present study, the different trends in each country should be borne in mind, together with the scale of the contrast between countries, such as Belgium and Greece, in which higher education institutions enrol a considerable proportion (around 30%) of young people within a narrow age-range, and other countries, such as Germany or Austria, which enrol a smaller proportion (some 15%) of young people within an age-range twice as broad.

These data on participation rates and age distribution should not be confused with considerations relating to the duration of studies. A broad age-range does not necessarily mean that students study for a long period. However, this does happen to be the case in several countries in which the duration of studies is problematic, so that they seek to limit the time taken by students to complete their courses, as will be explained in Part II, chapter 2.

FIGURE 6: RELATIONSHIP BETWEEN PARTICIPATION RATES FOR FULL-TIME STUDENTS IN THE REPRESENTATIVE AGE-RANGE FOR EACH COUNTRY, AND THE NUMBER OF YEARS COVERED BY THAT AGE-RANGE, 1995/96



Source: Eurostat, UOE and population statistics.

Italy: Age-based data are not available.
Luxembourg: Most students study abroad.
Liechtenstein: Most students study abroad. National data between ages 17 and 28: 6.6%.

EXPLANATORY NOTE

The percentages determined in relation to the x-axis are obtained by dividing the number of full-time students in the age-range identified for each country in Figure 4 (between the 15th and the 85th percentiles) by the total number of young people in the same age-range.

The ages determined in relation to the y-axis correspond to the number of years covered by the same age-range.

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C. TYPES OF STUDENT FINANCIAL SUPPORT

In the present discussion, only public-sector support for students is examined. This includes all forms of assistance provided by the authorities to students in higher education, or to those responsible for their maintenance, to offset wholly or partly the costs of study at this level.

Four main types of public-sector financial support are discussed: assistance in cash or in kind, specific or non-specific assistance, assistance to the family or to the individual student, and direct or indirect assistance. These are not mutually exclusive.

Support may be in **cash** or in **kind**. Assistance in cash involves a transfer of money or exemption for students, or those responsible for them, from some monetary payment; assistance in kind involves the provision of goods or services. Receipt of a grant or permission to pay a reduced registration and/or tuition fee are two examples of cash benefits. The provision of free accommodation or transport, for example, is assistance in kind.

A distinction is also made between **specific** and **non-specific** assistance.

Specific assistance is directly and necessarily linked with the consumption of goods or services – for example, meals sold at less than the market price, subsidised accommodation or reduced fares on public transport. The award of non-specific assistance is unconnected with its particular use – for instance, the money received by a student by way of a grant can be used for any purpose.

Finally, a distinction is made between assistance to **students individually** and to their **families**. Individual assistance is assistance from which the student benefits personally, in terms of either receipt of a sum of money (cash benefit) or the acquisition of goods or services free of charge or below the market price (benefit in kind). Assistance to families is assistance to a third party (usually the student's parents) insofar as the student is regarded as a dependant. This is primarily in the form of family or tax allowances.

An additional distinction, that between **direct** and **indirect assistance**, appears frequently in the literature but there does not appear to be a consensus as to its definition. In most cases, the distinction refers, at least implicitly, to the policy intentions of those who introduced it. In this vein, a grant, for example, is generally regarded as a direct form of support because its first aim is to encourage students to continue their education. Family allowances, on the other hand, may be regarded as an indirect form of support because they are not aimed at students for that purpose and encouragement for them to continue their education is a secondary effect.

In so far as these terms are used to define different types of assistance in different countries, confusion frequently arises. In the interest of clarity, no reference will be made to this distinction here.

These distinctions reveal the extent to which financial support for students can take on different facets. In this study, cash grants to individual students, assistance to the family in the form of cash, and specific assistance will be presented in that order.

The study also deals with support provided to home students studying in their own country, that provided to home students studying abroad and that to foreign students. Each of these forms of support is defined below.

C.1. Cash grants to individual students

Reductions in, or exemption from, registration and/or tuition fees

'Registration fees' are understood as any payments made by students to a higher education institution to cover charges related to their registration and sometimes to certification or student insurance. 'Tuition fees' are understood as any payments made by students to a higher education institution to cover a share of teaching costs.

In countries in which no fee is payable on registration, free admission may be considered a form of support in itself. In countries in which fees of this kind are charged, financial support in relation to their payment may consist in a reduction in the amount to be paid or total exemption.

An indication of payments made by students to other bodies (for example, the students' union) can also be found in Part I, chapter 1 on registration and/or tuition fees, although they are not subject to exemptions.

Student grants

'Student grants' are understood as any payment made to a student in cash that is not normally refundable, the specific purpose of which is to facilitate the pursuit of higher education by the student. Grants are not specific and can therefore be used by students as they wish. They are dealt with in Part I, chapter 2. Allowances provided to meet specific needs – accommodation allowances, for instance – are dealt with in Part I, chapter 4 on specific assistance.

Student loans

'Student loans' are distinct from student grants in so far as they are repayable. They are examined in Part I, chapter 2.

C.2. Assistance to the family in the form of cash

This relates to assistance to families with dependent student children and not to students who themselves have dependent children. In contrast to grants and loans, these cash allowances are usually available more particularly to families with younger children at primary or secondary school. However, as will be discussed in Part I, chapter 3 devoted to this issue, certain countries do provide for families of students in higher education to continue to be entitled to these allowances.

Family allowances

'Family allowances' are understood as any transfer of money from public funds to the person on whom the student is dependent, the aim of which is to defray expenses arising from the student's education.

Tax allowances for dependent children

'Tax allowances for dependent children' are understood as any provision in national tax law which stipulates that taxpayers with one or more dependent student children should pay less tax than those without, assuming all other parameters are the same.

C.3. Specific assistance

'Specific assistance' is understood as any other social benefits available for particular services such as accommodation, meals, travel and health care. It may consist of government subsidies to service providers to enable them to give students preferential rates, or allowances received by students which the latter must use to pay for services (as in the case of accommodation or meal vouchers). This category of assistance is examined in Part I, chapter 4.

C.4. Other forms of support

Students going abroad

This includes assistance provided by countries for study abroad, including not only the portability of grants and loans but also any specific assistance to enable students to study in another country. Such assistance is the subject of Part I, chapter 5.

Foreign students

This includes assistance provided for foreign students, i.e. students who are not nationals of the country in which they are studying. This definition covers both students who are resident in the country following the immigration of their parents and also non-resident students. Assistance of this kind is dealt with in Part I, chapter 6.

SECTION 2

CONTEXTUAL ELEMENTS

A. FUNDING OF HIGHER EDUCATION INSTITUTIONS

In this volume on financial support for students in higher education, the amount of the public-sector contribution to the funding of higher education is an element to be taken into account in so far as it indirectly constitutes a form of assistance to students. The greater the extent to which the government meets the cost of education, the smaller the costs to institutions and families.

The aim of this section is not to give detailed information on the funding of higher education institutions but to sketch an outline of the funding models found in the European Union and EFTA/EEA countries.

Figure 7 presents the principal models for the funding of higher education. It shows clearly that there are three groups of countries. In the first group, the institutions, whether public or private, are provided and entirely funded by public-sector authorities. They receive no registration or tuition fees. This is the case in Denmark, Greece, Luxembourg, Austria, Finland and Sweden. While, in Norway, the situation is similar to that of the foregoing countries, some of its private institutions (in a minority in the system) receive big state allowances and may charge negligible tuition fees. Others receive very little by way of public subsidies and charge high tuition fees.

In the second group, all the institutions operate under the same conditions, on the one hand receiving a grant from the government and, on the other, private funds, in particular in the form of registration or tuition fees. This is the situation in the United Kingdom in which higher education institutions receive substantial private funding, only part of which comes from tuition fees[1]. It is also the case in Belgium and the Netherlands, where the fees are similar in both public-sector and private grant-aided institutions.

The third group includes Germany, Spain, France, Ireland, Italy, Portugal, Iceland and Liechtenstein. In France and in Iceland, public institutions charge relatively low registration fees. The private institutions, on the other hand, charge tuition fees that are much higher, although they also receive government grants. In Spain and Portugal, private institutions do not receive any public funds directly, but they are indirectly funded by the government to a small extent in the form of grants paid to students to meet the cost of their tuition fees. In Ireland, private institutions charge tuition fees at the same rate as publicly-maintained ones but, in the case of the latter, fees due from students embarking on courses for a first qualification are paid by the government. In Italy, the autonomy of institutions in financial matters has opened the way to a considerable increase in tuition fees in public institutions. However, the student contribution to the budget of public universities cannot exceed 20% of the funding allocated by the State. Private institutions in receipt of government funding receive less than public institutions. They are free to fix fee levels with no maximum upper limit. In Liechtenstein, three institutions offer higher education, with one of them entirely funded from private sources.

This survey of financial support for students covers, as far as possible, all higher education institutions (with the exception of entirely private institutions), irrespective of their source of funding.

[1] Until 1998/99, the full tuition fees of most students were paid to the institution by the relevant authorities. From 1998/99, contributions to these fees are being paid by students on a means-tested basis.

FIGURE 7: PRINCIPAL MODELS OF FUNDING HIGHER EDUCATION, 1997/98

Public funding
Public funding with private share
For all institutions, including those that are not publicly administered
Public funding — mainly or entirely for publicly-administered institutions
Private funding — mainly for institutions that are not publicly administered (with very high tuition fees)

Source: Eurydice

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FIGURE 8: SOURCES OF FUNDING FOR HIGHER EDUCATION INSTITUTIONS, 1997/98

	TYPE OF INSTITUTION	GOVERNMENT GRANT	RESEARCH-RELATED FUNDS	REGISTRATION AND TUITION FEES	OTHER
EUROPEAN UNION					
B		Budget of the Communities	Research conventions	Registration, tuition fees	Continuing education courses
DK		Government budget			
D		The *Länder* and federal government budgets	The *Länder* budgets Research conventions		
EL		Government budget			
E	Public universities	Government budget and the contribution of the Autonomous Communities	Research contracts	Registration, tuition fees	Subsidies, donations, work commissioned by public or private bodies, returns on their assets, financial activity
	Private universities			Tuition fees	Owners, academic services, private sponsors, donations, foundations, etc.
F	Public sector	Government and local authority (regional) budgets	Research conventions	Registration fees	Continuing education courses. Apprenticeship tax
	Private sector	Government budget		Tuition fees	Apprenticeship tax
IRL	Public institutions	Government budget	Research contracts	Registration, tuition fees	Donations, private sponsors, foundations
	Private institutions			Tuition fees	
I	Universities	Government budget	Research conventions	Registration, tuition fees (up to 20% of the public allocation)	Continuing education, vocational training, advanced study courses
L		Government budget			
NL		Government budget	Research conventions	Tuition fees	
A	Universities, and colleges of art (the *Kunsthochschulen*)	Federal budget			
	Fachhochschulen	Federal budget			Private sponsors
	University centre for postgraduate education	Federal contribution	Research programme support	Tuition fees	Returns on events and academic services, donations
P	Public institutions	Government budget	Public research funds	Registration and tuition fees	Returns from events and academic services. European funds
	Private institutions		Public research funds	Registration and tuition fees	
FIN	Universities	Government budget	Government budget		
	AMK institutions	Government budget and contribution of municipalities			
S	Universities	Government budget	Government budget 40%		
	University colleges	Government budget			
UK	All higher education institutions	Government budget through Funding Councils and the Department of Education Northern Ireland (DENI)	Research Councils	Tuition fees paid by non-EU foreign postgraduate (except in SC) and part-time students	Grants from charities, sponsored research, consultancy, income from residential and catering facilities and other income-generating activities
EFTA/EEA					
IS	Public institutions	Government budget		Registration fees	
	Private institutions	Government budget		Tuition fees	
LI	*Fachhochschule Liechtenstein*	Government contribution	Applied research and development	Tuition fees	Further education courses, donations, etc.
	IAP		Research (project funding)	Tuition fees	Donations
NO	Public institutions	Government budget			
	Private institutions	Government budget		Tuition fees in some institutions only	

Source: Eurydice.

Spain and **Portugal**: Private institutions do not receive government funding directly, but are indirectly financed by the State via the grants awarded to students for the payment of tuition fees.

France: The apprenticeship tax is a tax on wages, which is paid directly by firms to the higher education institution of their choice.

United Kingdom: From 1998/99, all new full-time undergraduates are required to make a means-tested contribution to the cost of tuition fees. The only exceptions are Scottish students on four-year courses in Scotland who will pay no fees in their final year, and some Scottish part-time students on very low incomes whose fees are waived by the Scottish higher education institutions concerned. Furthermore, tuition fees up to a certain maximum amount are paid by the SAAS for students undertaking eligible postgraduate courses. Where the tuition fees charged are higher than the amount paid by the SAAS, the student is responsible for the balance of the fees.

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B. ADMISSION TO HIGHER EDUCATION

From the budgetary point of view, trends in financial support for students are directly connected to trends in the number of students. The greater the number of students, the greater the amount needed to guarantee the same average level of support to them. It is therefore interesting to examine how countries regulate this growth in the student population, and to compare the quality of the support provided to students with the mechanisms for regulating their numbers. To do this, it is important to know what systems have been introduced in the countries to limit the numbers of places available.

Admission to higher education can be subject to various types of conditions. All intending students are usually required to hold at least a final certificate of upper secondary education, or an equivalent qualification. There are, however, other specific requirements in addition to this general rule (for greater detail, see Figure 9).

- It may be a *numerus clausus* set at national level. In such cases, the government limits the number of places available. The *numerus clausus* may be laid down in relation to courses in certain subjects or all courses.
- Institutions may decide to limit the number of admissions in the light of the number of places they have available either in some programmes or in all programmes. The funding of institutions can be a determining factor: if institutions are funded to a large extent on the basis of the previous year's budget, and only to a small extent on the basis of student numbers, the number of places available will change little from year to year. On the other hand, if institutions are funded largely on the basis of student numbers in the current year, they can more easily accommodate greater numbers, within of course the maxima laid down by the authorities.
- Moreover, regardless of the number of places available, institutions can decide to select students on the basis of ability. This happens particularly in certain art, technical or medical courses.
- Finally, only the certificate awarded on satisfactory completion of upper secondary education, or an equivalent qualification, may be required, with admission being totally free and institutions accepting all applicants.

Selection procedures and limits on the numbers of places available do much to regulate the student population. The political will to increase the population in higher education is matched by the need for financial management of this increased population. The reasons for altering the number of places available can of course also be related to labour market conditions, when too many – or too few – young people are graduating in particular subjects relative to the jobs available.

In certain countries, places are limited on all courses, either at national level, as in Norway, or by the institutions themselves, on the basis of their capacity (Ireland, Portugal, Sweden and the United Kingdom); this can in turn be determined by national policy (for example, target numbers of graduates in Finland, maximum and minimum numbers of graduates in Sweden and target numbers of students in the United Kingdom).

In other countries, however, institutions have increasingly to recruit students without necessarily receiving additional resources even when the numbers actually increase (for example, in Belgium and Austria). In Belgium, where there is a very strong tradition of free access, any attempt to introduce an entrance examination is resisted. In Austria, universities are legally obliged to admit all students who register, although the *Fachhochschulen* are more selective.

Finally, in the majority of the other countries, admission to certain courses of study is regulated either by the institutions in the light of their capacity (Denmark, Germany, Spain, the Netherlands and Iceland), or by the government by means of a *numerus clausus* (France, Italy and the Netherlands). In these countries, most courses – and more especially general courses in universities – have no special entrance requirements.

FIGURE 9: HIGHER EDUCATION ENTRANCE REQUIREMENTS, 1997/98

	LIMITS ON THE NUMBER OF PLACES AT NATIONAL/ REGIONAL LEVEL	LIMITS IMPOSED BY INSTITUTIONS IN THE LIGHT OF THEIR CAPACITY	SELECTION ON THE BASIS OF ABILITY	UNRESTRICTED ADMISSION
EUROPEAN UNION				
B fr			Civil engineering (selection: examination set by the institution)	Most courses
B nl			Some courses: Civil engineering, architecture and, since 1997, dentistry, medicine, nautical science and some art (selection: examination set by the institution or the government)	Most courses
DK	Medicine and education	Most courses (selection: by the institution; specific requirements in relation to prior knowledge and, if the number of applicants exceeds the number of places, selection on the basis of school results and previous relevant work experience)	Journalism, photo-journalism, film studies, music	
D	Generally no *numerus clausus*, but a supraregional selection procedure for some disciplines (such as medicine) based on an inter-state agreement between the *Länder* (selection: average mark in the *Abitur*, the period spent waiting between the *Abitur* and the application, and social criteria)	Almost all *Fachhochschulen* (selection: by the institution, generally on the basis of the average mark in the *Abitur*, and the period spent waiting between the *Abitur* and the application) In courses to which admission is limited at federal level, around 20% of the places may be allocated by the universities themselves (selection: on the basis of ability, motivation or specific conditions)	Art and sports courses (selection: test of ability)	Most university courses
EL	All courses (selection: national examination)			
E		All courses (selection: national examination)	Some courses in art, translation or interpreting and physical education (selection: test of ability in addition to the national examination)	
F	Medicine, paramedical subjects (selection: competitive examinations organised by each institution)	Applicable to some courses in certain institutions (selection: priority to students resident in the *académie*, with a *numerus clausus* for the rest)	Certain courses (IUT, CPGE, etc.) (selection: by the institution, based on school record and interviews)	General university courses
IRL	Medicine and education (places limited on the basis of course capacity with an additional *numerus clausus* for medicine and education)	All courses (selection: by the institution, based on results in final upper secondary school leaving certificate)		
I	Courses in medicine and surgery, dentistry, veterinary medicine, architecture. All university *Diploma* (D.U.). All specialisation courses (number of places and selection criteria determined by the government, selection organised by the institution)	Certain university courses		Certain university courses
L	Teacher training			Other courses
NL	Certain courses as decided by the government each year (6 university courses and 26 non-university)	Certain courses (selection: by the institution)	Certain courses (selection: study of two specific subjects at secondary level – national decision)	
A		Certain courses (*Fachhochschulen-Studiengänge*)	Certain courses (*Kunsthochschulen*) (selection: test of ability)	Most courses
P		All courses have a *numerus clausus* fixed by each institution in accordance with its capacity. Furthermore, institutions have to specify a minimal intake for their different qualifications (selection: national competitive examination for candidates with satisfactory school and exam results; candidates' marks to be above a minimum set by each institution)		
FIN	Graduate quotas fixed by the government for each discipline	All courses (selection: in the case of universities, on the basis of school results and/or an entrance exam; in the case of AMK institutions, on the basis of school results, work experience, an entrance exam or an aptitude test)		
S	Graduate quotas fixed by the government for each discipline	All courses (selection: by the institution; specific requirements in relation to prior knowledge and, if the number of applicants exceeds the number of places, selection on the basis of school results, the results of a national university aptitude test, other tests, vocational experience)		
UK	Target number set for each institution	All courses (selection: by the institution)		
EFTA/EEA				
IS		All non-university courses (selection: by the institution on the basis of final upper secondary school exam results, or an entrance exam) Some university courses (selection: open competition; final results of upper secondary schooling and/or work experience)		Most university courses
LI		Some courses: *Fachhochschule Liechtenstein*		
NO	Most courses (selection: school results, age, and work experience) Number of places fixed by the government		Some courses (generally university)	

Source: Eurydice

SECTION 3
PUBLIC RESOURCES DEVOTED TO STUDENT SUPPORT

In quantitative terms, two approaches can be adopted to the question of financial support for students. The first involves looking at it from the macroeconomic point of view, i.e. the total amounts spent by the authorities, constructing statistical indicators which enable comparisons to be made between countries in this respect. The second focuses on the individual forms of support themselves.

This section introduces some statistical indicators related to the first approach, to give a general idea of the amounts involved, and obtain some initial information on the comparative analysis that they provide.

At the outset, it is necessary to set the methodological framework guiding the UOE (Unesco/OECD/Eurostat) collection of data used for the preparation of these graphs in cooperation with Eurostat. According to the definitions, the amounts of financial support should theoretically include family allowances (for those countries in which they are paid). Yet, they are not in fact generally included in the figures, and nor are the tax savings resulting from tax allowances for dependent children who are students. This has the result of skewing the comparison between those countries that pay family allowances and grant tax allowances, and those that do not.

The definition of the amounts of student loans can also skew the comparison. For it is the gross amounts that are indicated, i.e. the value of the loans granted by the authorities without subtracting repayments made by those who had taken out loans in earlier years. The actual amount paid by the public purse, and the impact of this investment in terms of the effective support given to students, do not therefore permit a direct comparison to be made between grants and loans.

In all countries in which students pay tuition fees, support mechanisms to assist payment are available to student grant-holders. Such assistance is included in the total amount of support whereas, in countries where education is free, all students benefit from the free provision, without this expenditure being included in the data. In general the amounts are small and have no bearing on the comparison, except in the United Kingdom where, until 1998/99, the majority of students were not liable for contributions towards their tuition fees, whose payment by the relevant authorities was very much akin to a public subsidy.

Consequently, wherever it appears useful, a note reminds the reader of the limitations on such comparisons.

A. SOURCES OF FUNDING AFTER TRANSFER

The administrative authorities that manage and award public-sector financial support directly to students may themselves be funded by other public authorities which are sometimes at different administrative levels. It is therefore necessary to distinguish between intermediate transfers of funds and final transfers to the student beneficiary. The existence of intermediate transfers introduces a distinction between the administrative level that **awards** the support (by making the final transfer to the student) and the level that actually **pays** for it.

Figure 10 shows the final transfers for 1995, differentiating them according to the level of administration that manages them. It does not therefore reveal anything about where the funds come from, whether directly from central government or some other administrative level.

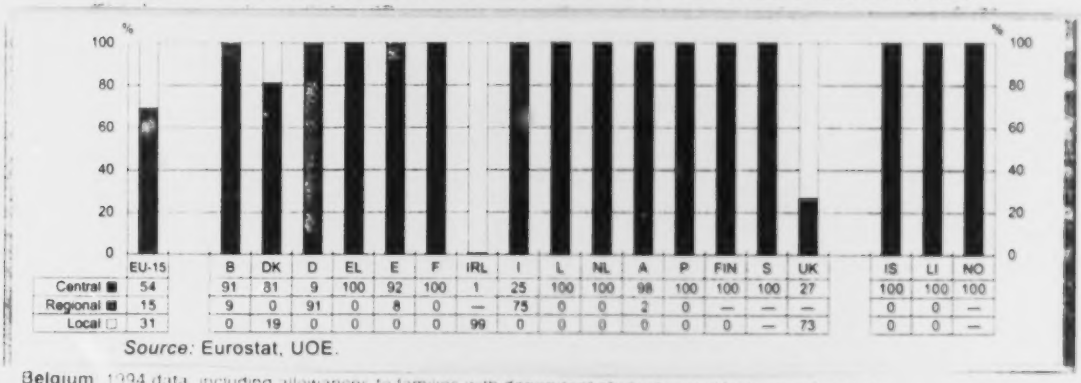
The emphasis is on the proportion of all resources distributed to students by these public authorities, and not on the actual amounts.

As Figure 10 illustrates, all countries have entrusted the greater part of their student financial support management to a single level of administration. However, the level that awards most of the funds is not the same in all countries. It is the central government in most cases (Belgium, Denmark, Greece, Spain, France, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, Iceland, Liechtenstein and Norway). In Germany and Italy, it is predominantly the regional level, corresponding to the *Länder* and *Regioni* respectively. In Ireland and the United Kingdom, it is primarily the local level; in Scotland, however, it is the central level.

The administrative level responsible for the final transfer of most of the funds manages over 90% of the total student support budget in all countries except Denmark (where the proportion is 81%), Italy (75%) and the United Kingdom (73%). In the latter case, the lower figure is attributable to the breakdown of the data for England, Wales and Northern Ireland (each characterised by decentralised arrangements for student support) and Scotland (where its management is centralised). In Belgium, the federal government (at central level) funds family allowances, whereas the Communities (at regional level) fund all other support to students. In Spain, the regional level share indicated corresponds to the Autonomous Community of the Basque country.

It has also been found that the central level always retains a certain share of this responsibility (albeit a very minor share in some countries, such as Ireland), even where it is not the principal manager of the resources.

FIGURE 10: THE BREAKDOWN OF PUBLIC-SECTOR FINANCIAL SUPPORT FOR STUDENTS (ISCED 5, 6 AND 7), AMONG THE ADMINISTRATIVE AUTHORITIES FROM WHICH THEY DIRECTLY OBTAIN IT, 1995



	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	IS	LI	NO
Central ■	54	91	81	9	100	92	100	1	25	100	100	98	100	100	100	27	100	100	100
Regional ■	15	9	0	91	0	8	0	—	75	0	0	2	0	—	—	—	0	0	—
Local □	31	0	19	0	0	0	0	99	0	0	0	0	0	0	—	73	0	0	—

Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
Germany: The *Länder* are legally constituted states exercising governmental authority. As such, responsibility for education and culture is mainly their prerogative. In the present study, they are considered as being at regional level.
France: Student accommodation allowances, the deficit in the student social security scheme (made up by the government) and support to students provided by regional and local authorities are not included.
Ireland: Tax allowances were still granted in 1995, under certain conditions, to parents who gave their (student) children a subsistence benefit. This provision was abolished in 1996. The amounts corresponding to these family cash benefits are not included in the present data. Furthermore, family allowances are awarded to the parents of children in higher education, up to the age of 18 inclusive.

EXPLANATORY NOTE

The terms 'regional' and 'local' apply to authorities exercising their powers in certain geographical subdivisions of a country.

All sources of public funds (other than international) have been classified according to whether they are central, regional or local. There is no 'other government sources' or 'other public sources' category. Authorities not usually classified as 'central', 'regional' or 'local' have been assigned to the most appropriate level depending on their field of responsibility.

Only final transfers are taken into account here, and not intermediate transfers from one administration to another. For example, if administration A transfers money to administration B which then allocates it to students, this expenditure has been attributed solely to the level corresponding to administration B.

For the definitions of both the forms of financial support to students, and the public funds entailed, see the definition of statistical tools at the beginning of the volume.

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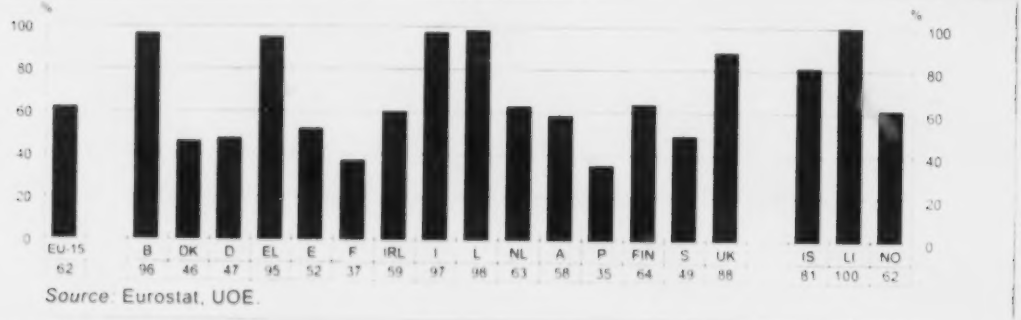
B. SUPPORT TO STUDENTS IN HIGHER EDUCATION COMPARED TO OTHER EDUCATIONAL LEVELS

Five countries appear to devote all, or a very big share, of their public financial support for students and pupils to higher education students alone – Belgium, Greece, Italy, Luxembourg and Liechtenstein. It should be noted that the two latter countries do not fully provide this level of education, and have many nationals studying abroad. The very high proportion for Belgium is attributable to the fact that the amounts of family allowances are included in the case of students aged 19-25, but not for children aged 18 or less. As a result, the proportion of support for higher education in the total appears abnormally large. The data from Italy do not take account of the major share of support that it has been impossible to show by level of education. The United Kingdom and Iceland also devote over 80% of their total budget for student and pupil support to those in higher education. In the case of Iceland, this is perhaps explained by the number of higher education students who go abroad to study. As regards the United Kingdom, it is partly explained by the fact that tuition fees charged by higher education institutions and (until 1997/98) paid, for the majority of students, by local authorities in England, Wales and Northern Ireland, and by the central authorities in Scotland, are included under the heading of support to students. Such public subsidies (whether central, regional or local) to institutions are not so included in the other countries.

The latter fall into a range in which from 35 to 65% of their total public assistance is granted to higher education students alone. These proportions are always greater than those of student enrolment at this level of education (as compared to students and pupils at all other levels), which means that higher education students are on average supported to a greater extent than those at other levels.

FIGURE 11: PUBLIC FINANCIAL SUPPORT FOR STUDENTS IN HIGHER EDUCATION (ISCED 5, 6 AND 7) AS A PROPORTION OF CORRESPONDING SUPPORT FOR PUPILS AND STUDENTS AT ALL LEVELS, 1995



Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
France: Student accommodation allowances and the deficit in the student social security scheme, made up by the government, are not included. If the accommodation allowances were included in these figures, the ratio would rise from 37% to 48%.
Ireland: Tax allowances were still granted in 1995, under certain conditions, to parents who gave their (student) children a subsistence benefit. This provision was abolished in 1996. The amounts corresponding to these family cash benefits are not included in the present data. Furthermore, family allowances are awarded to the parents of children in higher education, up to the age of 18 inclusive.
Italy: Data not broken down by level of education have not been included.

EXPLANATORY NOTE

This indicator is obtained by dividing public financial support for higher education students (ISCED 5, 6 and 7) by the total public financial support provided for pupils and students at all levels of education.

For the definitions of both the forms of financial support to students, and the public funds entailed, see the definition of statistical tools at the beginning of the volume.

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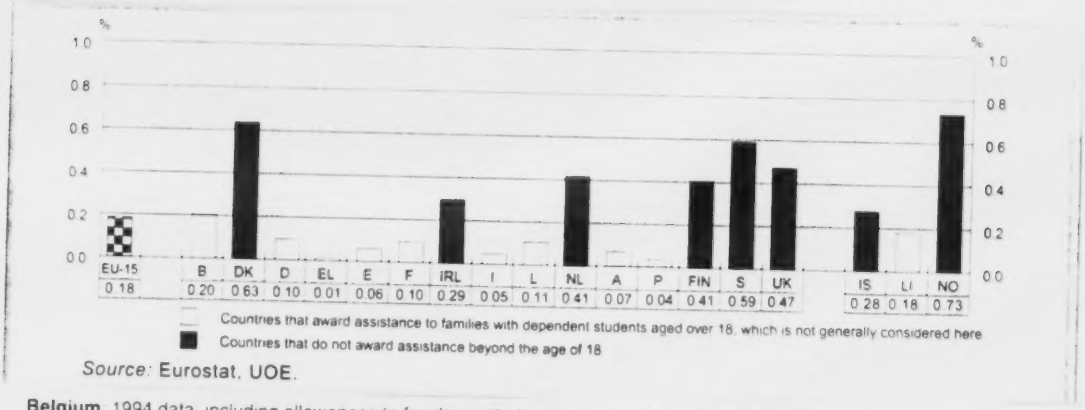
C. PUBLIC FINANCIAL SUPPORT FOR STUDENTS AS A PROPORTION OF GDP

Gross domestic product (GDP) is the total of all primary incomes distributed in return for productive activity in the national territory. It is thus the sum of the resources available to the economic actors (households, undertakings and the State) and, therefore, the sum of the resources usable within the country to meet all concurrent needs which arise (private consumption, public consumption and investment). Consequently, the proportion of this income devoted to student financial support gives a good indication of the relative importance of this support compared with other uses.

If the countries concerned comprised one single national unit, the 'European value' obtained for this ratio would be 0.18%. On average, the EU Member States and the EFTA/EEA countries devote almost 0.24% of their GDP to financial support for students, but the variation about this average is quite high. In practice, the countries fall into two main categories.

FIGURE 12: PUBLIC FINANCIAL SUPPORT FOR HIGHER EDUCATION STUDENTS (ISCED 5, 6 AND 7) AS A PROPORTION OF GDP, 1995



Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
France: Student accommodation allowances and the deficit in the student social security scheme, made up by the government, are not included.
Ireland: Tax allowances were still granted in 1995, under certain conditions, to parents who gave their (student) children a subsistence benefit. This provision was abolished in 1996. The amounts corresponding to these family cash benefits are not included in the present data. Furthermore, family allowances are awarded to the parents of children in higher education, up to the age of 18 inclusive.
Finland: The loan amounts are not included in the figures.
United Kingdom: According to data from national sources, the United Kingdom ratio of 0.47% may be split into 0.28% of GDP for maintenance grants, and 0.19% of GDP for tuition fees.

EXPLANATORY NOTE

This indicator is calculated by dividing the amount of public financial support for higher education students by the current GDP.

For the definitions of the 'European value', and the 'European average' of the public funds entailed, and of student support, see the definition of statistical tools at the beginning of the volume.

The first devotes a distinctly higher than average proportion of GDP to support for students in higher education. This group includes Denmark, Ireland, the Netherlands, Finland, Sweden, the United Kingdom, Iceland and Norway.

It will be recalled that, within this first category, several Nordic countries (Sweden, Iceland and Norway) allocate a relatively large proportion of support (the entirety, in the case of Iceland) in the form of loans. The fact that these loans will be repaid later is not taken into account here. Finland might have been grouped with these countries, but its loan amounts are not included in the figures as shown. It should also be noted that the United Kingdom includes under student support the payment of the tuition fees of most students to higher education institutions by the relevant authorities. This

system has also come into operation recently in Ireland but its effects are less obvious because it was implemented only partly in 1995, which was a transitional year. Another feature of the transitional nature of 1995 was that tax allowances were still awarded in Ireland, under certain circumstances, to parents who provided their (student) children with a subsistence payment – a provision abolished in 1996.

The second category of countries is characterised by public financial support for students representing a smaller proportion of GDP than the 'European average'. This group includes Belgium, Germany, Greece, Spain, France, Italy, Luxembourg, Austria, Portugal and Liechtenstein.

These two categories correspond, in the case of the first, to the group of countries which provide no family and/or tax allowances in respect of dependent children who are students and, in the case of the second, those countries which do provide them[1]. The amount of these allowances does not appear in the graph because, as indicated in the explanatory note, the questionnaires for gathering UOE data do not provide for the inclusion of tax allowances under student support, while the family allowances which were to have been covered have not been included, except for Belgium. More information on this point will be found in Part I, chapter 3 on tax relief for dependent children, and family allowances. The following indicators concerning student support will thus be analysed by comparing countries within the two foregoing categories.

A supplementary explanation of Figure 12

The foregoing indicator can be broken down into four other ratios, represented by the formula

$$\frac{\text{Public financial support for higher education students}}{\text{GDP}} = I_1 . I_2 . I_3 . I_4$$

where

$$I_1 = \frac{\text{Public financial support for students}}{\text{Total public expenditure on higher education}}$$

$$I_2 = \frac{\text{Total public expenditure on higher education}}{\text{Total public expenditure on education, all levels combined}}$$

$$I_3 = \frac{\text{Total public expenditure on education, all levels combined}}{\text{Total public expenditure, all sectors}}$$

$$I_4 = \frac{\text{Total public expenditure, all sectors}}{\text{GDP}}$$

The variations between countries observed in Figure 12 arise from differences in one or more of the ratios I_1 , I_2 , I_3 or I_4.

However, the implications of variations in one or other of these ratios are not the same. A low rate of financing education generally within overall public expenditure (I_3 low) does not have the same significance as a relatively low rate of student support within public expenditure on higher education (I_1 low).

The following four graphs present these ratios in sequence while the fifth brings together all the elements in a comparative summary so as to elicit a maximum of information on the situation.

[1] In Ireland, family allowances continue to be awarded until the age of 18 inclusive. As shown in Figure 4, this corresponds to a significant share of students in higher education. However, because the take-up of this support does not reach the levels of other countries, Ireland will be bracketed, in the present introduction, with those that do not award cash assistance to families.

C.1. THE PROPORTION OF TOTAL PUBLIC EXPENDITURE ON HIGHER EDUCATION DEVOTED TO FINANCIAL SUPPORT FOR STUDENTS

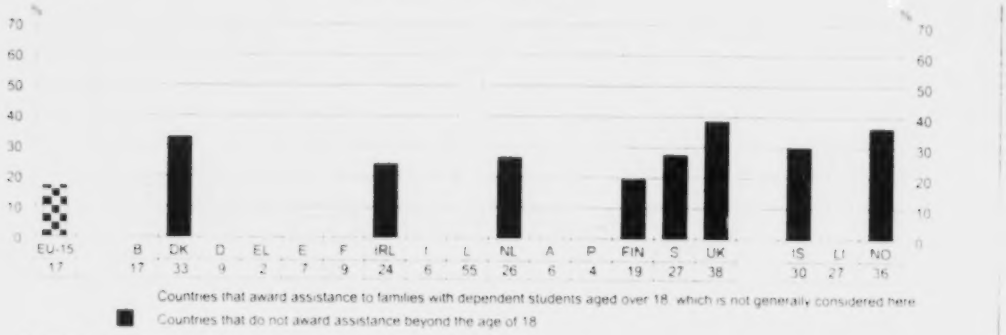
Figure 13 indicates the extent to which the various countries devote a greater or lesser proportion of their total higher education budget to student support.

Luxembourg stands out by providing little higher education. It offers financial support to its considerable numbers of students who study abroad.

In the first group of countries comprising Denmark, Ireland, the Netherlands, Finland, Sweden, the United Kingdom, Iceland and Norway, significant variations may be observed in the proportion of their higher education budget earmarked for student support (from 24% for Ireland to 38% for the United Kingdom). Among these countries, Sweden, Iceland and Norway make extensive use of loans, the repayment of which is left out of account here. The United Kingdom includes under the amount of student support the payment by the authorities of the tuition fees of most students. Ireland has adopted the same system but its effects are less visible, as 1995 was a transition year during which the new system was only partially in operation. Finland allocates a share close to the 'European value' which is partly attributable to the fact that loans, not subsidised by the State, are not included in the calculation but, above all, to the scale on which it finances its higher education institutions (see Figure 18).

The countries in the second group (Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal and Liechtenstein), which offer families cash benefits (family or tax allowances for dependent children, which are not included here, with the exception of the Belgian family allowances) also nevertheless display significant variations (from 2% in Greece to 9% in Germany and France). The proportion in Belgium is close to the 'European value', which is attributable to the fact that allowances to families with dependent students aged between 19 and 25 are included in the total amount of support. Liechtenstein has a value higher than the other countries in this group.

FIGURE 13: STUDENT SUPPORT AS A PROPORTION OF ALL PUBLIC EXPENDITURE ON HIGHER EDUCATION (ISCED 5, 6 AND 7), 1995



Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
France: Student accommodation allowances and the deficit in the student social security scheme, made up by the government, are not included.
Ireland: Tax allowances were still granted in 1995, under certain conditions, to parents who gave their (student) children a subsistence benefit. This provision was abolished in 1996. The amounts corresponding to these family cash benefits are not included in the present data. Furthermore, family allowances are awarded to the parents of children in higher education, up to the age of 18 inclusive.
Luxembourg: Financial support to students and to higher education institutions are not drawn from the same budget. As a result, this ratio does not have the same significance as in other countries in which the two kinds of support compete for funding under a single budgetary heading.
Finland: The loan amounts are not included in the figures.
United Kingdom: Data from national sources break down support to students in higher education in the proportions of 40% for transfers to institutions (tuition fees) and 60% for maintenance grants. If only the latter were considered, the ratio would become 23%.

EXPLANATORY NOTE

This indicator is obtained by dividing public expenditure on higher education student support by all public expenditure on higher education (all headings).

The data do not take account of total exemption from payment of registration and or tuition fees.

For the definition of the 'European value', see the definition of statistical tools at the beginning of the volume.

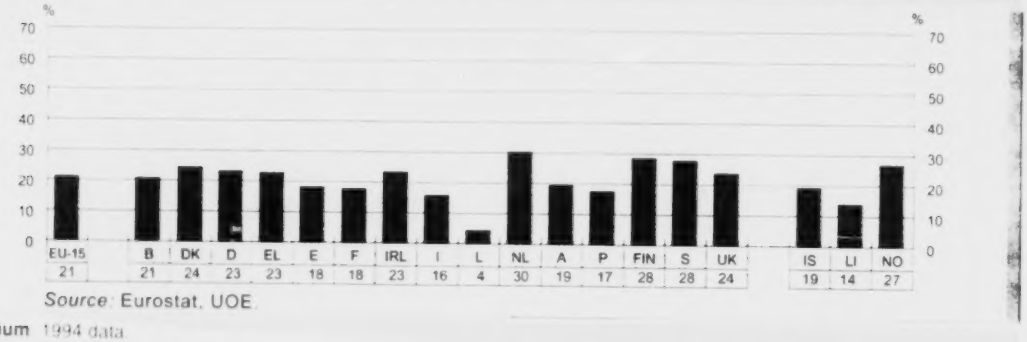
C.2. TOTAL HIGHER EDUCATION EXPENDITURE AS A PROPORTION OF ALL PUBLIC EXPENDITURE ON EDUCATION

Higher education budgets as a proportion of overall education budgets would appear to be subject to less variation than that in the previous indicator. There is thus relatively little difference in the proportions of their overall budgets that countries allocate to the various levels of education. The 'European value' that would be obtained if all the countries formed a single unit, indicates that 21.3% of this 'European education budget' is allocated to higher education.

Luxembourg and, to a lesser extent Liechtenstein, stand out with a much lower ratio than the others, which is explained by the fact that they do not provide complete higher education. Their budget for higher education does not therefore cover the same costs as elsewhere. As a result, it represents a smaller proportion of total education expenditure.

Compared to the 'European value', Spain, France, Italy, Austria, Portugal and Iceland allocate a relatively smaller proportion of their education resources to the financing of higher education. Conversely, Denmark, Germany, Greece, Ireland, the United Kingdom and, above all, the Netherlands, Finland, Sweden and Norway devote a greater proportion of their education resources to funding higher education. For Belgium, the value of this ratio is equal to the 'European value'.

FIGURE 14: HIGHER EDUCATION EXPENDITURE AS A PROPORTION OF ALL PUBLIC EDUCATION EXPENDITURE, 1995



Source: Eurostat, UOE.

Belgium 1994 data

EXPLANATORY NOTE

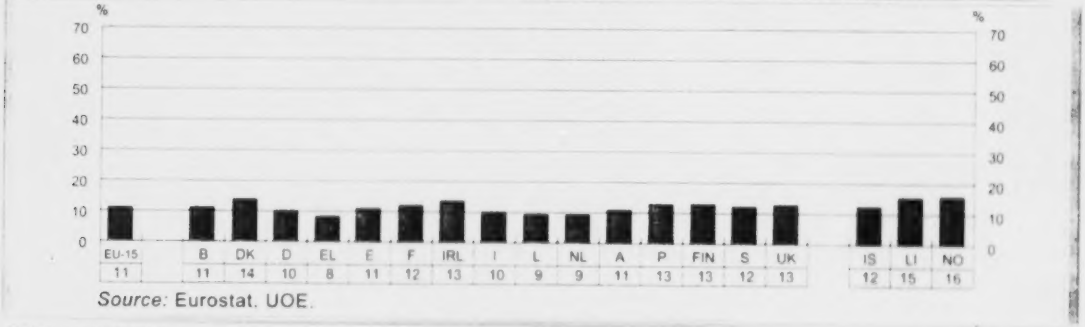
This indicator is obtained by dividing total public expenditure on higher education (all headings) by total public expenditure on education (all levels).

For the 'European value', see the definition of statistical tools at the beginning of the volume.

C.3. TOTAL PUBLIC EXPENDITURE ON EDUCATION (ALL LEVELS) AS A PROPORTION OF ALL PUBLIC EXPENDITURE

The proportion of the total state budget earmarked for education is broadly comparable in all countries. It stands between 9 and 16% with a 'European average' of 11.5% and a 'European value' of 11%. Once again, the proportion for Belgium is equal to the 'European value', and the same applies here to Spain and Austria. In Germany, Italy, Luxembourg and the Netherlands, education accounts for a lesser share of overall public expenditure, compared to the 'European value'. In Denmark, France, Ireland, Portugal, Finland, Sweden, the United Kingdom, Iceland, Liechtenstein and Norway, the proportion is above it.

FIGURE 15: PUBLIC EXPENDITURE ON EDUCATION AS A PROPORTION OF ALL PUBLIC EXPENDITURE, 1995



Source: Eurostat, UOE.

Belgium: 1994 data.

EXPLANATORY NOTE

The figures are obtained by dividing total public expenditure on education (UOE data) by total public expenditure (all sectors).

This public expenditure represents all expenditure by all public authorities at all levels of administration and for all purposes. It includes government revenue expenditure and capital expenditure. It also includes social security transfers and subsidies to public undertakings.

For the definitions of the 'European value' and the 'European average', see the definition of statistical tools at the beginning of the volume.

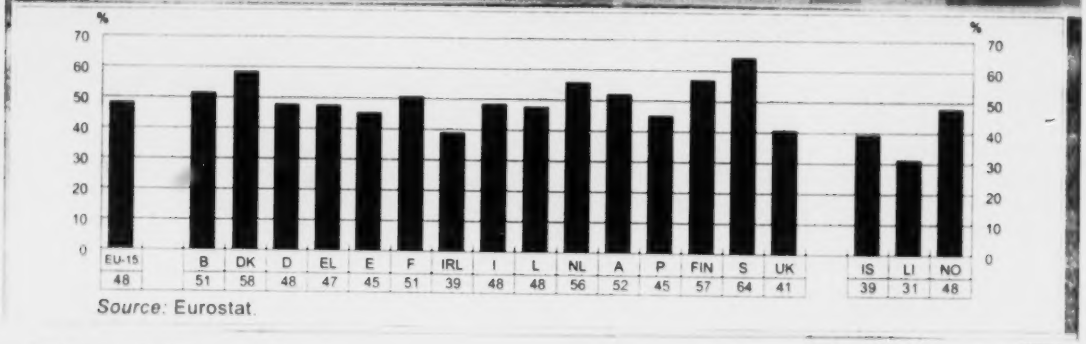
C.4. PUBLIC EXPENDITURE AS A SHARE OF GDP

The last element, illustrated in Figure 16, indicates the proportion of public expenditure (all sectors) in the GDP.

The 'European value', understood as the relative share of the public sector in GDP, is very close to half (48%).

The countries fall into three categories corresponding to the proportion of public expenditure in GDP, as follows: 50-64% for Belgium, Denmark, France, the Netherlands, Austria, Finland and Sweden; 45-49% for Germany, Spain, Italy, Luxembourg, Portugal and Norway; and less than 41% for Ireland, the United Kingdom, Iceland and Liechtenstein.

FIGURE 16: ALL PUBLIC EXPENDITURE AS A PERCENTAGE OF GDP, 1995



Source: Eurostat.

Belgium: 1994 data.

EXPLANATORY NOTE

The data are obtained by dividing total public expenditure (all sectors) by the GDP.

For the definition of the 'European value', see the definition of statistical tools at the beginning of the volume.

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C.5. Synoptic graph of the components of the ratio of public financial support for higher education students/GDP

The ratio of public financial support for higher education students/GDP is interesting in itself, and it becomes more interesting if it is broken down into four elements. Each of these components (examined in Figures 13-16) presents a level of explanation of the value of the ratio.

Dividing up this ratio into a series of ratios helps to identify the origins of the differences between countries. Figure 17 provides a synoptic view of all the elements set out in the analysis of the ratio of public financial support for higher education students/GDP. It presents these ratios in terms of their relative deviations from the 'European value'. The general comments on the preceding graphs, which provided an analysis of the component parts, are useful in this context; here, the emphasis is on the information obtained by combining them.

It might be thought from Figures 12 and 13 that solely the differences referred to above in the comparison of support account for the differences between the two categories of countries already mentioned. If this were the case, it would be possible to classify the countries distributed around the 'European value' with respect to factors other than the ratios of 'expenditure on support to students in higher education/GDP' and 'expenditure on support to students in higher education/total expenditure on higher education'. Yet most countries whose 'expenditure on support to students in higher education/GDP' ratio is high compared to the 'European value' are also those with high I_2 and I_3 ratios thus demonstrating substantial investment by them in both education as a whole, and higher education in particular.

It appears that the Nordic countries (Denmark, Finland, Sweden and Norway), which allocate the greatest proportions of their GDP to support for higher education students, all have intermediate ratios greater than, or virtually equal to, the 'European value'. It is thus only logical that these countries earmark proportionally more resources than others to public-sector student support.

Ireland, the Netherlands and the United Kingdom are in the same situation, with the exception of one intermediate ratio of less than the 'European value': this applies to the proportion of public expenditure on education (at all levels) in total public expenditure in the Netherlands, and the relative proportion of total public expenditure to GDP, in Ireland and the United Kingdom. As already emphasised, the value of the first ratio (I_1) in the UK is partly attributable to the fact that tuition fees – for most students paid directly to their institutions by the authorities – come under the heading of student support, rather than that of public subsidies to institutions. This, however, is only a partial explanation since, when this factor is excluded, the UK ratio is still higher than the 'European value'.

Belgium also has only a single intermediate ratio less than the 'European value': the ratio of higher education expenditure to expenditure on all levels of education is two percentage points less than the 'European value'. However, in contrast to the foregoing countries, Belgium has intermediate ratios that are all very close to the 'European value'.

In Germany, the share of GDP earmarked for support to students in higher education is relatively smaller than the 'European value', partly because of the relatively modest contribution of education to overall public spending in the country (ratio I_1) but, above all, because support to students is only a minor element in its higher education budget (ratio I_2). The small proportion of educational expenditure in German public expenditure is attributable to the relatively large share of private contributions to secondary education (as a result of employers funding the *duales System*), as well as to the relatively low proportion of young people in the total population.

Greece allocates a much lower proportion of its higher education budget to student support (ratio I_1) than the corresponding 'European value'. The fact that the proportion of higher education funding in the total budget for education (ratio I_2) is above the corresponding 'European value' does not offset the negative effect attributable to the relatively modest share of student support in the higher education budget (ratio I_1) and the relatively small share of public expenditure on education in total public expenditure (I_3): the ratio of public financial support for higher education students/GDP remains below the 'European value' in that respect.

Spain and Italy are characterised by having all their intermediate ratios (I_1, I_2, I_3 and I_4) below or equal to the corresponding 'European values' so that their ratio of public financial support for higher education students/GDP is also below the 'European value'.

Portugal also has intermediate ratios that are all below the corresponding 'European values', with the exception, however, of that of the education budget to overall public expenditure (ratio I_3). The effect of this is weak, however, with the result that the ratio of financial support for higher education students/GDP remains below the corresponding 'European value'.

The general trend is the same in Austria where only the ratio of all public expenditure to GDP (ratio I_4) is above the 'European value'.

In France, the last two ratios (I_3 and I_4) are slightly above the 'European values' but not enough to cancel the negative effect of the first two.

The special circumstances of higher education in Luxembourg explain why the ratio of student support to total higher education expenditure (ratio I_1) there is much greater than the 'European value', but also why the share of the higher education budget in all expenditure on education (ratio I_2) is less than elsewhere.

In Iceland and Liechtenstein, the proportion of student support in their overall higher education budget (ratio I_1) is much greater than the 'European value'. Education is also a greater element in overall public expenditure (ratio I_3). This results in the ratio of public financial support for higher education students/GDP being above or virtually equal to the 'European value' for this ratio, whereas the proportion of the higher education budget in all educational expenditure, and the share of all public expenditure in GDP are less than the 'European values'.

EXPLANATORY NOTE

The analysis of the ratio of public financial support for higher education students/GDP is set out above. For indicators I_1, I_2, I_3 and I_4, see the explanatory notes on Figures 13, 14, 15 and 16 respectively.

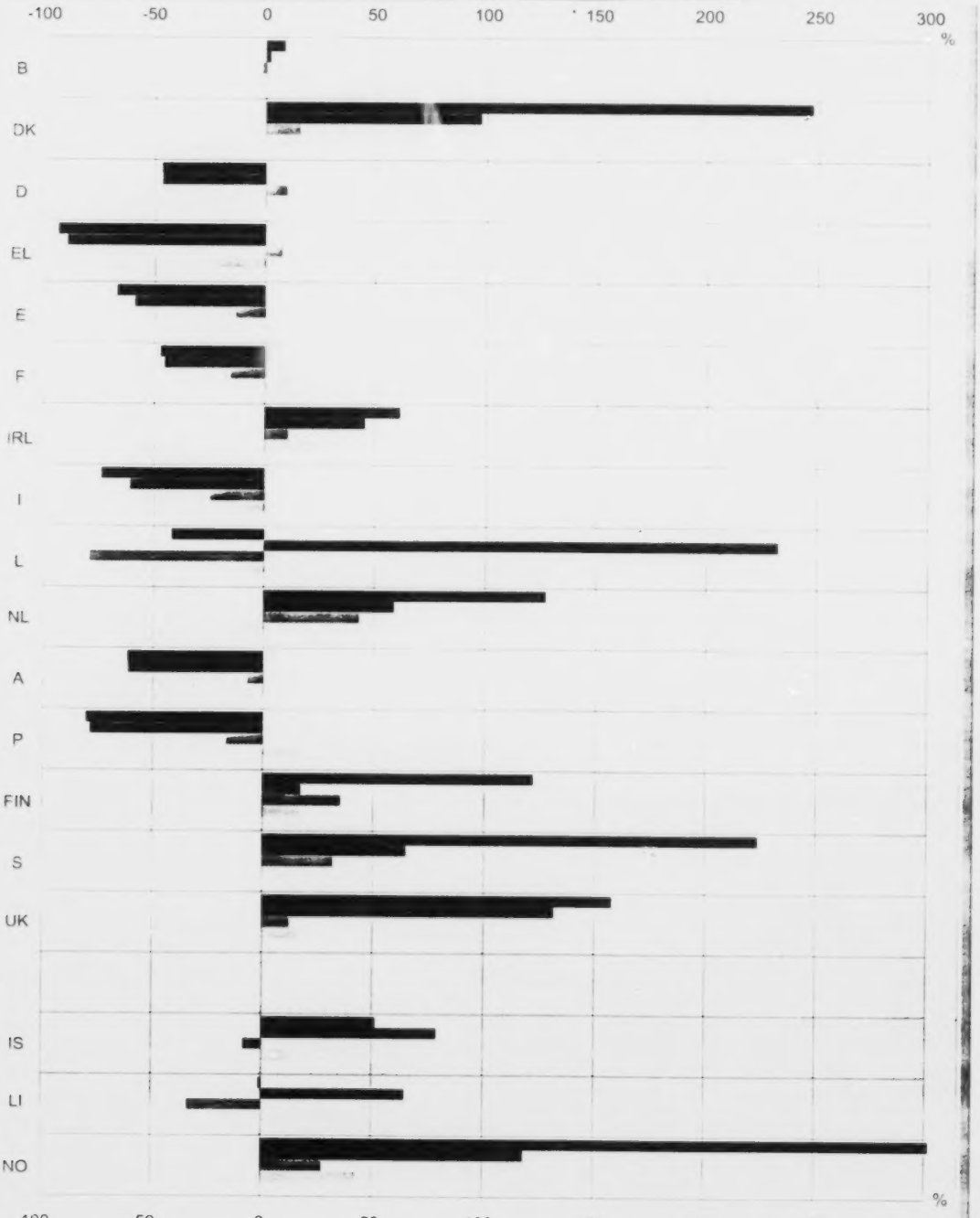
For each of these components, there is a series of statistics and, in particular, a 'European value'. Thus, if a country has values for each of these components equal to the 'European value', the value of its ratio of public financial support for higher education students/GDP will obviously also be equal to the 'European value'. Any differences in the values found in the individual countries therefore take on their full significance and justify presentation of the results in the form of their differences relative to the 'European value'. 'Difference relative to the 'European value'' is to be interpreted as application of the following formula:

$$\frac{\text{Statistical value obtained for the country} - \text{'European value' for the series}}{\text{'European value' for the series}}$$

This is negative when the result is below the 'European value' and positive otherwise.

For the definitions of the 'European value', see the definition of statistical tools at the beginning of the volume.

FIGURE 17: DEVIATIONS FROM THE 'EUROPEAN VALUE' OF THE COMPONENTS OF THE RATIO OF PUBLIC FINANCIAL SUPPORT FOR HIGHER EDUCATION STUDENTS/GDP, IN PERCENTAGES, 1995



	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	IS	LI	NO
Support/GDP ■	9	248	-47	-94	-67	-47	61	-74	-42	128	-61	-80	122	224	158	52	-1	302
I_1 ■	2	97	-47	-90	-59	-46	46	-61	233	59	-61	-79	17	65	132	79	65	119
I_2 ■	-2	16	10	8	-14	-16	11	-25	-79	44	-7	-17	36	32	13	-8	-34	28
I_3	1	25	-9	-26	-2	9	23	-12	-15	-15	-1	17	17	10	16	12	39	43
I_4	7	21	-1	-1	-6	5	-19	0	-1	16	8	-6	18	33	-16	-18	-35	-1

Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
France: Student accommodation allowances and the deficit in the student social security scheme, made up by the government, are not included.
Finland: The loan amounts are not included in the figures.
United Kingdom: Data for student support include tuition fees.

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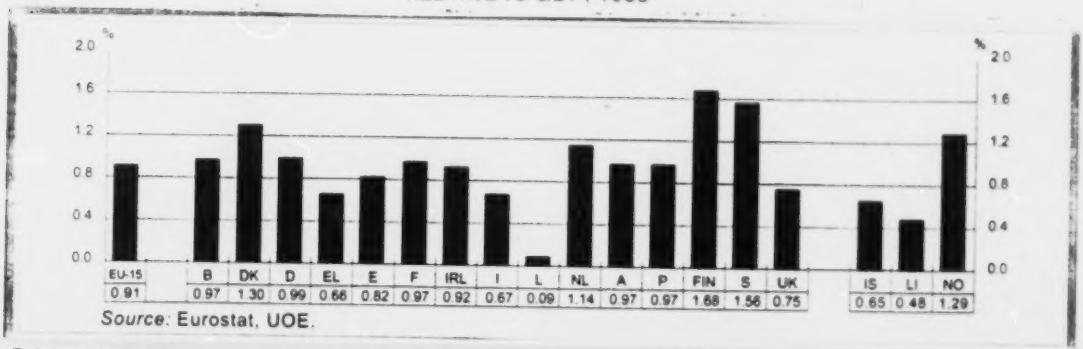
D. PUBLIC FUNDING OF HIGHER EDUCATION INSTITUTIONS RELATIVE TO GDP

The public funding provided to institutions can be regarded as a form of student support because it is part of the communal effort to provide students with an education at a price below its real cost. In Belgium, it also finances the social funds that institutions use to apply their own policies of student support. On average, European Union countries allocate higher education institutions an amount equivalent to 0.96% of their GDP. If the EU formed a single entity, the 'European value' of this ratio would be 0.91%.

FIGURE 18: PUBLIC FUNDING OF HIGHER EDUCATION INSTITUTIONS (ISCED 5, 6 AND 7) RELATIVE TO GDP, 1995



Source: Eurostat, UOE.

Belgium: 1994 data.

EXPLANATORY NOTE

This indicator is arrived at by dividing total public finance for higher education institutions by the GDP.

Direct spending on education institutions by a public body can take one of two forms.

- *Purchase by the public body itself of educational resources to be used by the educational institutions. This could, for instance, be the direct transfer of teachers' salaries by a central or regional Ministry of Education; direct payments made by a local authority to contractors engaged in the construction of premises; and the purchase of text books by a central or regional authority for subsequent distribution to local authorities or institutions.*
- *Payments by the public body to institutions responsible for procuring educational resources themselves. This could, for instance, involve a transfer of public funds or of a block grant to a university which then used it to pay its staff and purchase other resources; or the allocation of funds by an authority to a public-sector institution with autonomy to manage its own budget.*

The direct expenditure of a public body does not include tuition fees paid by pupils (or by their families on their behalf) attending public-sector institutions coming under these bodies, even if the payments are made in the first instance to the body and not to the institutions in question.

For the 'European average', see the definition of statistical tools at the beginning of the volume.

Considering the proportion of the GDP allocated to financing higher education institutions, countries fall into three categories according to whether their funding of their higher education institutions is above or below the 'European average'.

- Denmark, the Netherlands, Finland, Sweden and Norway belong to the first category, allocating relatively more resources than the European average (in relation to their GDP) to higher education institutions.
- Belgium, Germany, France, Ireland, Austria and Portugal belong to the second category, namely countries which allocate their higher education institutions the same level of resources as the 'European average' (in relation to GDP).
- Greece, Spain, Italy, the United Kingdom and Iceland belong to the third category, allocating relatively fewer resources than the 'European average' (in relation to their GDP) to higher education institutions.

Luxembourg and Liechtenstein may be considered as a case apart since they do not provide a full range of higher education courses. This explains why they allocate only a very small proportion of their GDP to their higher education institutions.

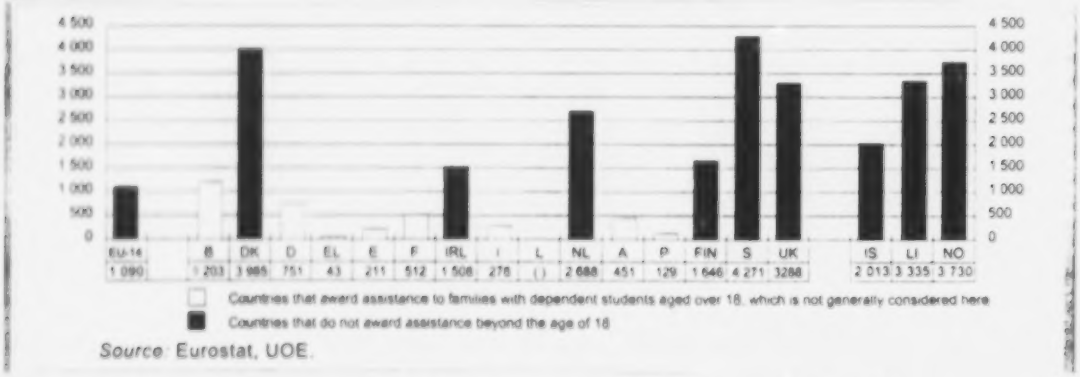
It should be noted that, while the financing of the institutions can be interpreted loosely as student support, it is not a substitute for student support in the narrow sense. Thus the Nordic countries (Denmark, Finland, Sweden and Norway) and the Netherlands, which allocate the largest proportions of their respective GDP to student support, are also amongst the countries which have the highest levels of funding of their institutions. The United Kingdom is an exception to this trend, probably because the tuition fees paid directly to the institutions by the public authorities are accounted for as student support and not as funding of the institutions.

Everywhere, therefore, financial support to students is part of the more general policy of the development of higher education, even though the foregoing information should be regarded with some caution, given that country data may include a share of the funding for institutional research, the proportion of which will vary with the country concerned.

E. PUBLIC FINANCIAL SUPPORT PER HIGHER EDUCATION STUDENT

Financial support for students is intended to reduce in whole or in part the financial burden that students have to bear because of their studies. This support may or may not be spread over a large number of students. It may or may not cover subsistence costs, and may or may not be refundable. It is therefore important to relate the total amount of public support for students in higher education to the total number of such students.

FIGURE 19: PUBLIC FINANCIAL SUPPORT PER STUDENT (ISCED 5, 6 AND 7) IN PURCHASING POWER PARITIES ALIGNED ON THE ECU, 1995



Source: Eurostat, UOE.

Belgium: 1994 data, including allowances to families with dependent students aged between 19 and 25.
France: Student accommodation allowances and the deficit in the student social security scheme, made up by the government, are not included.
Ireland: Family allowances are awarded to the parents of students in higher education, up to the age of 18 inclusive.
Finland: The loan amounts are not included in the figures.

EXPLANATORY NOTE

This indicator is obtained by dividing total public-sector financial support to students in higher education by the number of students formally enrolled at that level, with the latter measured in terms of their full-time equivalents.

For the definitions of the public support concerned, and the weightings used to convert from 'academic year' to 'calendar year' figures, see the definition of statistical tools at the beginning of the volume.

The figures have been put on a comparable basis by converting them to purchasing power parities (based on the value of the ECU). This eliminates differences arising from the use of different units of currency and takes account of price differences in the various countries.

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The calculation of the average amount of public financial support per student makes it possible to determine how extensive the total volume of this support is, taking into account the number of students potentially eligible for it. These data are shown in Figure 19 which does not, therefore, provide any information on the proportion of students who receive such support, or on the average amount each receives.

More specific data regarding this issue are given in Part I, chapter 2 and in the temporal series in chapter 1 of Part II (the contextual analysis), dealing with trends in support.

Figure 19 helps to refine somewhat the data of Figure 12, showing the proportion of GDP allocated to student support. Six countries stand out from the others as regards the scale of the support they give – Denmark, the Netherlands, Sweden, the United Kingdom, Liechtenstein and Norway award an amount per student over 2.4 times greater than the 'European value'. Public support in the Netherlands and the United Kingdom includes contributions intended to cover tuition fees, while Sweden and Norway provide a considerable amount of their student support by way of loans, whose repayment is not included. As a result, Denmark appears to be the country in which support to students in higher education is the most expensive.

Some countries award an amount per student above that of the 'European value', but to a lesser extent than the foregoing countries. These countries are Ireland, Finland and Iceland. In Belgium, the amount per student is virtually equal to the 'European value'.

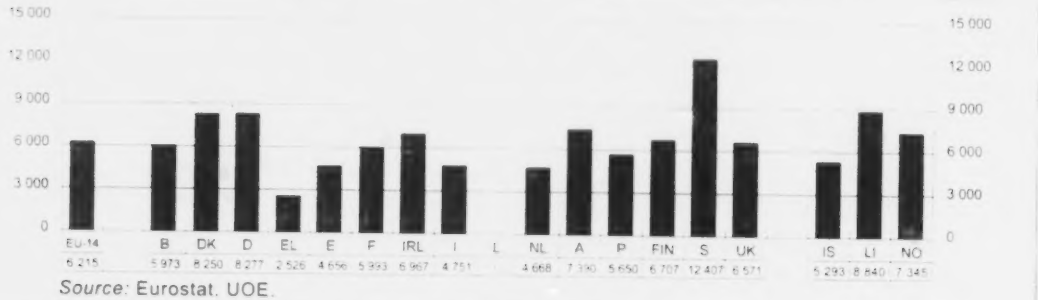
In the remaining countries (Germany, Greece, Spain, France, Italy, Austria and Portugal), the amounts awarded to students are less than the 'European value', but it must be remembered again that cash benefits to families (tax allowances and family allowances) are not included here.

F. EXPENDITURE PER STUDENT BY PUBLIC-SECTOR HIGHER EDUCATION INSTITUTIONS

The average amounts higher education institutions spend per student vary considerably from country to country. Denmark, Germany, Ireland, Austria, Finland, Sweden, the United Kingdom, Liechtenstein and Norway are countries in which institutional expenditure per student is highest, although there are substantial variations between them. The figure for Sweden, in particular, is conspicuously greater than those of the other countries because the cost of research activity is included in the data.

In Belgium, Greece, Spain, France, Italy, the Netherlands, Portugal and Iceland, the figures are lower than the 'European average', but with differences between the countries.

FIGURE 20: EXPENDITURE PER STUDENT ON THE PART OF PUBLIC-SECTOR HIGHER EDUCATION INSTITUTIONS (ISCED 5, 6 AND 7), IN PURCHASING POWER PARITIES, 1995



Source: Eurostat, UOE.

Belgium: 1994 data; private and public institutions are supported in the same way.
Netherlands: Public and private institutions are subsidised.
Sweden: Research expenditure included.

EXPLANATORY NOTE

This indicator is arrived at by dividing the expenditure of all public-sector higher education institutions by the numbers of students in higher education. In principle, only expenditure relating to their teaching role is included, with research expenditure normally excluded.

Direct expenditure approved by a public body for educational institutions can be in one of the two following forms:

- *The purchase by the public body itself of educational resources which will be used by the educational institutions. This may involve, for instance, the direct transfer of teachers' salaries by a central or regional ministry of education, direct payments made by a local authority to contractors engaged in the construction of premises, or the purchase of books by a central or regional authority for subsequent distribution to local authorities or institutions.*
- *Payments made by the public body to the institutions which are responsible for procuring educational resources for themselves. Such arrangements may include, for instance, an allocation of public funds or a block grant to a university which then uses it to pay its staff and purchase other resources, or the allocation of a budget by the administrative authority to a public-sector institution with autonomy for managing its own budget etc.*

The direct expenditure of a public body does not include tuition fees paid by students (or by their families on their behalf) attending public institutions responsible to these bodies, even if the payments are made in the first instance to the body and not to the institutions in question. These are UOE figures.

The data have been made comparable by converting them into purchasing power parities on the basis of the value of the ECU. This has the effect of eliminating differences arising from the use of different units of currency, and of taking into account differences in prices from one country to another.

The number of students is in terms of full-time equivalents at public-sector institutions (except for the Netherlands).

For the weightings used for converting 'academic year' into 'calendar year' figures, as well as for the 'European average', see the definition of statistical tools at the beginning of the volume.

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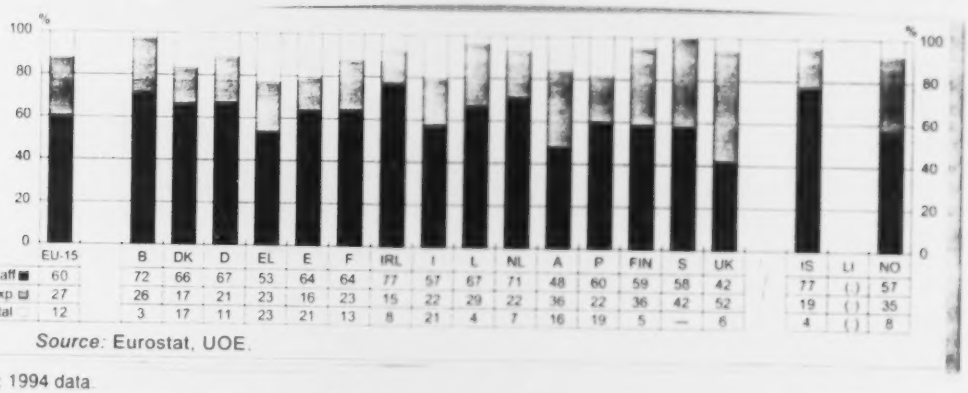
G. BREAKDOWN OF EXPENDITURE BY HIGHER EDUCATION INSTITUTIONS

Staff salaries (see the explanatory note to Figure 21) are a variable proportion of the budgets of higher education institutions, going from 42% in the United Kingdom to 77% in Ireland and Iceland. They are however the largest single element in the budget, except in the United Kingdom, where other current expenditure accounts for the main proportion. The proportion of institutional expenditure earmarked for staff salaries is conspicuously greater than the 'European value' in Belgium, Denmark, Germany, Ireland, Luxembourg, the Netherlands and Iceland. In Spain, France, Italy, Portugal, Finland, Sweden and Norway, the corresponding proportions are close to the 'European value' while, in Greece, Austria and the United Kingdom, the ratios are distinctly lower than it.

Other expenditure also varies very considerably from one country to another. Current and capital expenditure fluctuate between 15 and 52%, and 3% and 23%, respectively.

FIGURE 21. BREAKDOWN OF EXPENDITURE BY PUBLIC-SECTOR HIGHER EDUCATION INSTITUTIONS, BY MAIN BUDGET HEADINGS, 1995



	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	IS	LI	NO
Staff ■	60	72	66	67	53	64	64	77	57	67	71	48	60	59	58	42	77	( )	57
Other current exp ▨	27	26	17	21	23	16	23	15	22	29	22	36	22	36	42	52	19	( )	35
Capital □	12	3	17	11	23	21	13	8	21	4	7	16	19	5	—	6	4	( )	8

Source: Eurostat, UOE.

Belgium: 1994 data.
Sweden: Capital expenditure is included under 'other current expenditure'.
United Kingdom: Data relate to non-state publicly-subsidised institutions.

EXPLANATORY NOTE

The distinction between capital and revenue expenditure is that generally used in national income accounting. Revenue expenditure covers goods and services which are consumed in the current year and which have to be renewed periodically to ensure the production of educational services. Capital expenditure is that which covers assets lasting more than one year. This can include expenditure on new buildings, major renovation and repairs to existing buildings and on the purchase or replacement of equipment. (It is understood that most countries include minor expenditure on equipment below a certain ceiling under revenue rather than capital expenditure.)

Capital expenditure does not include costs relating to the servicing of debt.

Expenditure on staff salaries includes gross salaries plus other additional benefits. Gross salary is the total salary earned by the employee, including all bonuses, allowances etc., before deduction of any taxes or contributions to pension funds, social security etc. Additional benefits include expenditure by the employer (not employees' contributions), or in certain cases those of public authorities which are not the employer, in connection with retirement provision, health care and insurance, unemployment and invalidity insurance, other forms of social insurance, benefits in kind (for example, free or subsidised accommodation), free or subsidised child care and other additional benefits that institutions and/or countries offer staff.

'Other current expenditure' embraces all expenditure on goods and services used in education, other than staff salaries and capital expenditure.

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Part I

Description of present systems of student financial support

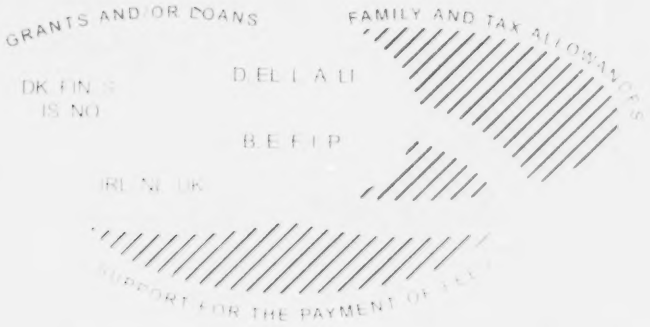
The comparative analysis is based on contributions from the National Units in the EURYDICE Network, whose addresses are listed at the end of the study. The Units each submitted a detailed report describing all aspects characteristic of the different forms of student financial support in the country concerned.

INTRODUCTION

In the first part of this study, current systems of student financial support are described in detail. To facilitate the description, the different forms of support are dealt with in separate chapters. They include support for the payment of fees, grants and/or loans, assistance to families (family allowances and tax relief for the parents of students) and other benefits such as financial assistance for housing, meals and transport. However, despite this breakdown, it should be firmly borne in mind that no kind of support can be considered as separate from the others in its overall system. So prior to reading each chapter, it would be useful to recall the overall structure of the different systems. The system in some countries consists of only one or two forms of support while, in others, it contains several or, indeed, all possible forms. Moreover, it would be mistaken to suppose that, where countries provide for support other than grants or loans, this constitutes a second-tier element in their overall support budget. Amounts corresponding to family allowances, tax relief, the payment of fees or accommodation allowances may be equivalent to or even higher than those earmarked for grants and/or loans.

In Figure I.1, countries are classified in terms of the different kinds of support available. Other benefits, such as financial assistance for housing, meals and transport, etc. are not considered. On this basis, four country categories may be identified.

FIGURE I.1: ELEMENTS OF FINANCIAL SUPPORT FOR STUDENTS ON UNDERGRADUATE COURSES IN PUBLICLY-MAINTAINED OR EQUIVALENT INSTITUTIONS, 1997/98



Source: Eurydice.

Ireland: Family allowances are awarded for children up to the age of 18 (inclusive). In so far as the student population in higher education is relatively young (see the General Introduction), this support may apply to one, or even two years of study.
Luxembourg: Most students study abroad. Their financial support covers fees they may have to pay in the host country.
Iceland: A large proportion of the student population study abroad. The loan awarded to individual students is determined on the basis of the tuition fees they may have to pay in the host country.
Liechtenstein: Most students study abroad, in which case financial support covers any registration or tuition fees required in the host country.

Basically, forms of support for students are determined by the options available in the various countries for financing, first, **the costs of education borne by higher education institutions** and, secondly, **student living costs**. Each of these two dimensions may be considered in terms of two alternative perspectives as follows:

I: the total financing of the cost of education by the State, as opposed to contributions from families or students themselves.

II: the financial independence of students, as opposed to the responsibility of families in covering student living costs.

Financial independence is characterised by support granted solely to students, and by conditions for its award that take account of their income alone.

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Figure I.2 shows how countries are grouped in relation to financing the cost of education and student living costs, with respect to the foregoing alternatives. The intermediate position of the Netherlands and the United Kingdom is attributable to the fact that, in both countries, some of the support awarded depends on parental income.

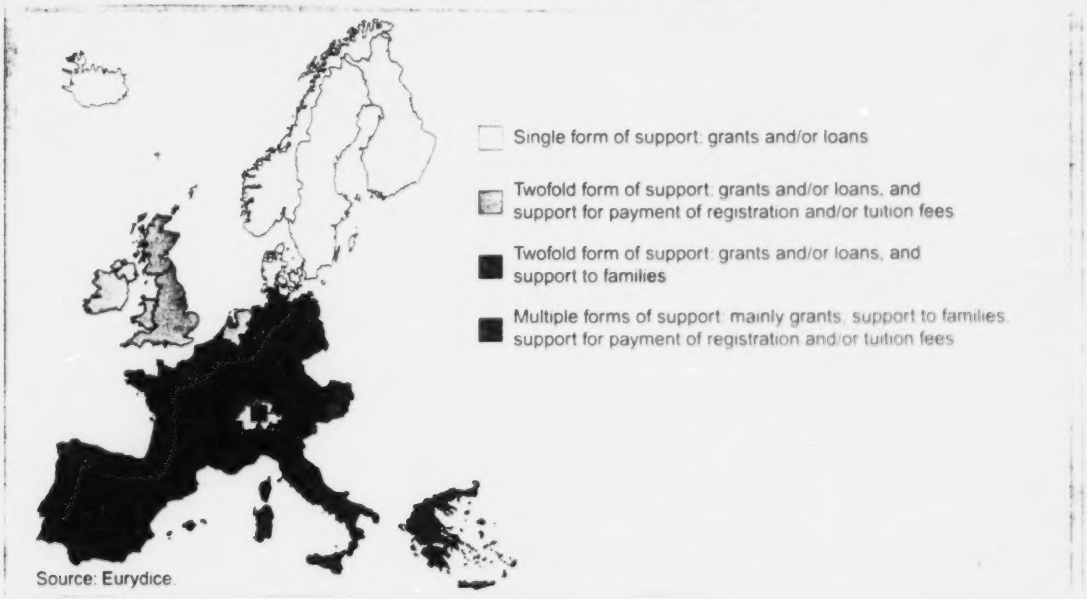
FIGURE I.2: CLASSIFICATION OF COUNTRIES IN TERMS OF HOW THEY FINANCE THE EDUCATION AND LIVING COSTS OF STUDENTS, 1997/98

		Financing the cost of education	
		Exclusively state funding	Contributions from families or students themselves
Financing the living costs of students	Financial independence of students	DK, FIN, S, IS, NO	
	An intermediate situation		NL, UK
	Family responsibility	D, EL, L, A	B, E, F, IRL, I, P, LI

Source: Eurydice.

Figure I.3 shows that the forms of support available in different countries largely correspond to their position *vis-à-vis* the two main headings. Thus countries that require no contribution from students or their families to the cost of education, and regard students as financially independent from their parents, offer one sole form of support, while countries in which students or their families do contribute to the cost of education, and families to student living costs, offer more than one form of support.

FIGURE I.3: STRUCTURE OF FINANCIAL SUPPORT FOR STUDENTS ON UNDERGRADUATE COURSES IN THE PUBLIC SECTOR OR ITS EQUIVALENT, 1997/98


Single form of support: grants and/or loans
Twofold form of support: grants and/or loans, and support for payment of registration and/or tuition fees
Twofold form of support: grants and/or loans, and support to families
Multiple forms of support: mainly grants, support to families, support for payment of registration and/or tuition fees
Source: Eurydice

Ireland: Family allowances are awarded for children up to the age of 18 (inclusive). In so far as the student population in higher education is relatively young (see the General Introduction), this support may apply to one, or even two years of study.

The following chapters of Part I analyse the different forms of support in detail. Chapter 1 is devoted to consideration of fees paid by students on registration and the support available in countries where such fees are charged. The second chapter describes the support awarded to students for their subsistence in the form of grants, loans, or a combination of both. The third chapter deals with assistance for the parents of students, and concerns only some of the countries. Chapter 4 reviews other benefits, such as housing allowances, subsidised catering facilities, and cheaper transport or health care. As a whole, the four chapters provide information relating to student nationals studying in their own countries. Chapter 5 is devoted to support for study abroad, and chapter 6 to support for foreign students. Finally, this detailed analysis is rounded off in chapter 7 with an attempt to present systems in summarised model form.

CHAPTER 1

REGISTRATION AND TUITION FEES

This chapter examines the different categories of fees payable by higher education students when they enrol, and the financial support available to offset them. The analysis must be interpreted in the context of the systems of higher education funding in the various countries. Government contributions to the cost of education constitute one form of financial support for students in so far as the latter do not have to bear the full cost of their higher education. Countries offering access to higher education free of charge (with no registration or tuition fees) thus provide this type of support in the most complete and universal form.

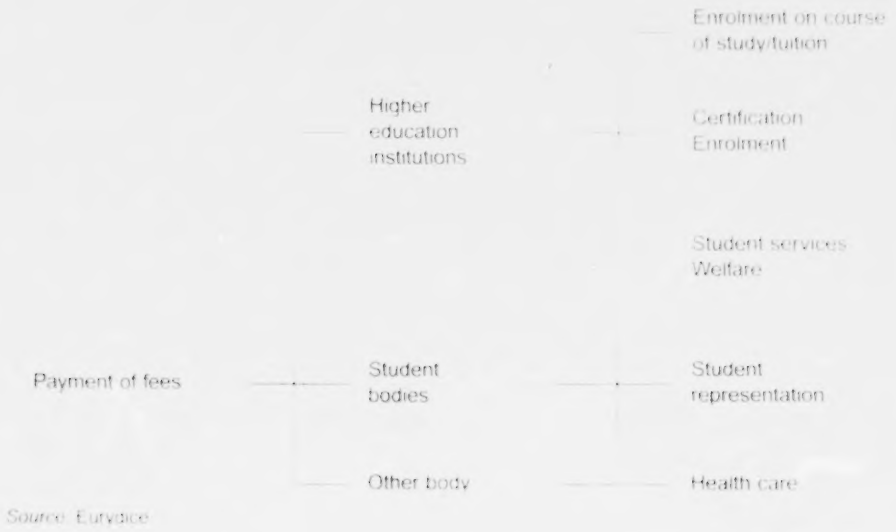
In those countries in which students are required to contribute to the cost of their education, whether in the form of registration and/or tuition fees, exemptions or other forms of assistance towards the payment of these charges represent financial support that supplements the state contribution. This form of support can either be targeted at particular groups of students, more particularly those from poorer backgrounds, or be provided on a more universal basis, thus benefiting a majority of students. It is therefore not possible to compare the amounts of registration or tuition fees without considering the number of students that pay them (as opposed to those that are exempt).

In the present volume, the expression 'registration fees' is normally used for the payment associated with the enrolment of students, whereas 'tuition fees' refers to contributions to the cost of their education borne by higher education institutions.

In those countries in which access to higher education is free, the State, including taxpayers collectively, bears the total cost of this education. However, in those countries in which institutions charge fees, taxpayers in general bear only part of the cost and some of them, i.e. those whose children are in higher education, pay the remainder through registration and tuition fees. Rather than being regarded solely as a contribution to the cost of education by students or their families, the fees system may also be considered as a means of redistributing the cost among these families. In most countries, mechanisms have been put in place to redistribute the cost of higher education, so that families with average or higher incomes pay relatively high fees while families with lower incomes are either exempt from payment, or receive some assistance in support of payment. Finally, in order to undertake a complete comparison, it is also necessary to consider the forms of assistance given to students' families, such as a tax allowance on registration and/or tuition fees which is another redistribution mechanism. These latter details are set out in Part I, chapter 3.

The fees paid by students when they enrol can go either to the higher education institutions or to other bodies, such as student organisations or public-sector health services. In order to make a comparison between the fees paid by students in different countries, therefore, this chapter will examine the total payments made by students, whether to higher education institutions in the form of registration or tuition fees, or to another body, and the use to which all such contributions are put (Figure I.1.1). Mechanisms for providing students with reductions in, or exemption from, fees are then given in detail by country. Following this description, the amounts of fees and other contributions and the numbers of students exempt from paying are presented together.

FIGURE I.1.1: GENERAL PATTERN OF POSSIBLE DESTINATIONS OF FEES AND OTHER CONTRIBUTIONS, 1997/98



Source: Eurydice

In some countries, the systems of fees and other payments are very different, depending on whether the students are taking an undergraduate course or aiming for a further qualification. Moreover, the fees and any associated forms of support can also vary depending on whether the student is on a full-time or part-time course, or attending a public or private institution. The present chapter describes mainly the fees and the support available to students attending full-time undergraduate courses in public institutions, or grant-aided private institutions that charge fees identical to those in public institutions. This definition covers the majority of students in most countries, except Portugal, where a significant proportion of students (36%) attend private-sector institutions (*ensino particular e cooperativo*) which are not financed by the government and charge higher tuition fees. In some countries, the situation is different for adults, or people able to attend lectures without being formally enrolled as students. However, these special cases are not considered further.

A brief description of the systems of registration and tuition fees for students on part-time courses, who are attending private institutions which charge higher fees than public-sector institutions, or undertaking postgraduate studies, is given at the end of this chapter. Information regarding foreign students is provided in chapter 6.

A. FEES AND OTHER PAYMENTS MADE BY STUDENTS

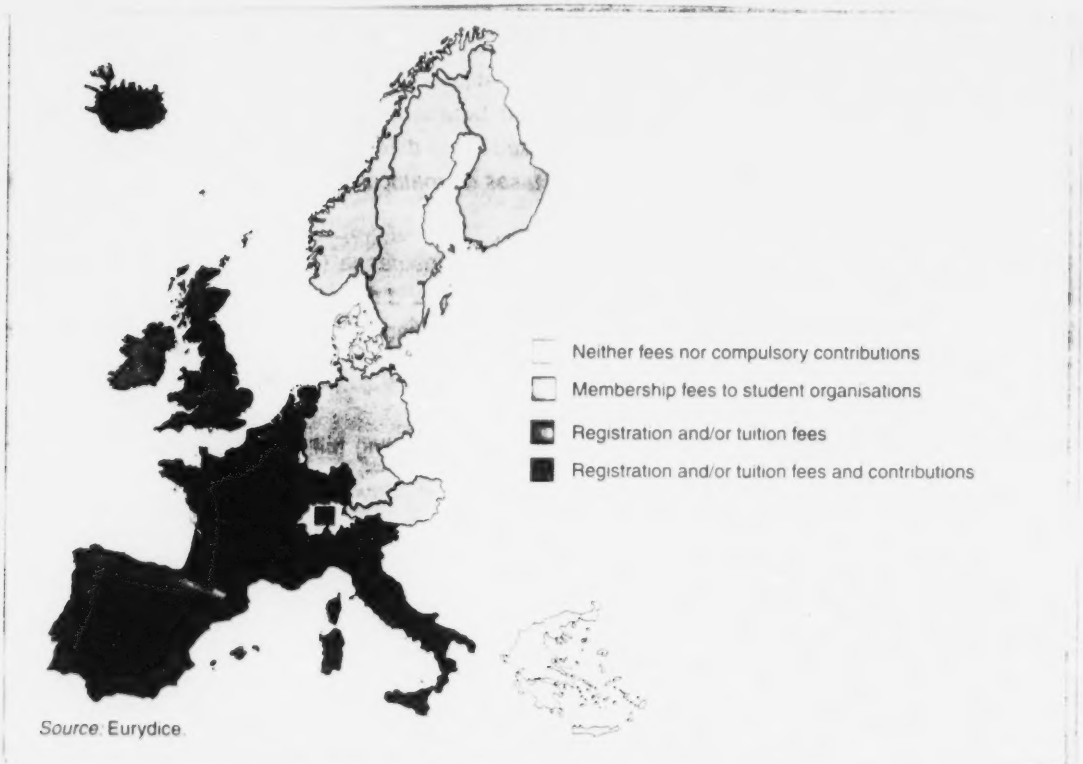
Two models can be used to describe the distribution of costs of higher education. In the first, all costs are assumed by the State while, in the second, a private contribution is required when students enrol.

As Figure I.1.2 indicates, the first model is to be found in almost half of the countries under consideration. Students do not make any contribution to the cost of their higher education, to which access can therefore be regarded as free of charge. These higher education institutions are financed directly by the government. This is the case in Denmark, Greece, Luxembourg, Austria, Finland and Sweden, as well as in Norway. It is also the case in Germany, apart from two *Länder* (Baden-Württemberg and Berlin), where registration fees have been introduced. In certain instances, students pay membership fees to bodies providing student services.

In Germany, they pay administrative fees every semester to their social services organisation (the *Studentenwerk*) and to an independent body, the *Studentenschaft*. In Austria, they pay to their student organisation (the *Österreichische Hochschülerschaft*) membership fees that are sometimes used to finance student services. In Finland and Sweden, fees are paid to the students' union. In Norway, a fee is paid to the student welfare organisations (the *Studentsamskipnaden*).

In the second group of countries, students contribute to the cost of their education, and pay registration and/or tuition fees direct to the higher education institution. This is the case in Belgium, Spain, France, Ireland, Italy, the Netherlands, Portugal and the United Kingdom, as well as in Iceland and Liechtenstein. In three countries, students pay a further contribution – a payment to cover medical care in France, a tax paid to the regional bodies (*enti regionali per il diritto allo studio*) which administer a major share of student support in Italy, and a membership fee to the student organisation in Iceland.

FIGURE I.1.2: REGISTRATION AND TUITION FEES AND OTHER PAYMENTS MADE BY STUDENTS ON FULL-TIME UNDERGRADUATE COURSES, PUBLIC SECTOR OR EQUIVALENT, 1997/98


Neither fees nor compulsory contributions
Membership fees to student organisations
Registration and/or tuition fees
Registration and/or tuition fees and contributions

Source: Eurydice.

Germany: In two *Länder* (Baden-Württemberg and Berlin), regulations for raising registration fees were introduced in 1997/98.
Ireland: Higher education institutions charge tuition fees. However, since 1996/97, they have been paid for most students by the government.
Netherlands: An amount to cover the statutory tuition fees is included in the standard monthly budget for students who are eligible for student finance under the Student Finance Act.
Finland: Union membership fees are only compulsory in the universities and are optional for students studying in the AMK institutions.
United Kingdom: Higher education institutions charge tuition fees. However, until 1997/98, these fees were directly paid for most students by the relevant authorities (see section C of this chapter for further details).

EXPLANATORY NOTE

The heading 'public sector or equivalent' groups together institutions that depend on the State as well as private but publicly-funded institutions which receive registration and/or tuition fees more or less equivalent to those of public-sector institutions.

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B. USE OF FEES AND OTHER PAYMENTS

The fees and other payments made by students cover a diverse range of services. The table in Figure I.1.3 presents the overall range of services requiring a possible contribution from students, and gives details of the services actually paid for either partially or totally by students in each country. Payments by them follow one of two models.

In countries in which students pay a contribution to a student organisation, this is generally used to provide representation of their interests. In Germany, the *Studentenwerk* also provides various social services. In Finland, in the university sector, the unions also make a financial contribution to the organisation of most student services. Access to these is by the card students receive when they pay their membership fee. Part of the membership fee is paid to the Finnish student health service. In Sweden, the students' union membership fee is often used to provide services for students.

In those countries in which students make a payment to the higher education institution when they enrol, the distinction can be made as to whether the payment covers only fees for registration and certification, such as the registration fees in Ireland, Iceland or France, or whether it additionally contributes toward the costs of education borne by institutions (as in the case of tuition fees in the United Kingdom). In Spain and Italy, this distinction between payments covering registration and certification and those covering tuition costs is reflected in the different terms used for them – *tasas de registro* and *tasse di iscrizione* for the former, and *tasas de matriculación* and *contributi universitari* for the latter.

In Spain, the *tasas de registro* cover compulsory student insurance (*seguro escolar obligatorio*). In France, part of the *droits d'inscription* are set aside for library and documentation services and another part for financing schemes to improve student life. In Portugal, since 1997/98, a new system of *propinas* has been established. These fees do not cover the costs of the certificates or diplomas. Membership of the students' union is also paid separately.

In Ireland, the registration fees cover a number of costs, excluding tuition which is paid for from the tuition fees.

C. CRITERIA OF ELIGIBILITY FOR SUPPORT TOWARDS THE PAYMENT OF FEES

The conditions on which financial support is given towards the payment of registration and tuition fees are not relevant to Denmark, Germany (14 *Länder*), Greece, Austria, Finland, Sweden, or Norway. There is no exemption from membership fees paid to student organisations.

The types of financial support towards the payment of registration and tuition fees vary in the other countries.

In general, a particular group of students may be targeted, usually those from disadvantaged backgrounds. The main criterion is eligibility for a maintenance grant (see Part I, chapter 2). This is the case in Belgium, Spain, France, Italy and Portugal.

In Ireland, two types of support are combined, with a component generally available to most students and more targeted assistance for those of more modest means. In the Netherlands, an amount intended to cover statutory tuition fees is included in the monthly budget of students entitled to financial support (see Part I, chapter 2).

FIGURE I.1.3: USE OF REGISTRATION OR TUITION FEES AND OTHER PAYMENTS MADE IN RELATION TO FULL-TIME UNDERGRADUATE COURSES, PUBLIC SECTOR OR EQUIVALENT, 1997/98

	ENROLMENT IN COURSE OF STUDY/TUITION	REGISTRATION/ CERTIFICATION	STUDENT SERVICES (INFORMATION ON STUDIES, GUIDANCE)	HEALTH SERVICES	REPRESENTATION OF STUDENTS' INTERESTS
EUROPEAN UNION					
B fr	◐ *Droits d'inscription*	◐ *Droits d'inscription*	O	O	O
B nl	◐ *Inschrijvingsgelden*	◐ *Inschrijvingsgelden*	O	O	O
DK	O	O	O	O	O
D a)	O	O	◐	◐	◐
D b)	O	◐	◐	◐	◐
EL	O	O	O	O	O
E	◐ *Tasas de matriculacion*	◐ *Tasas de registro*	O	◐ *Tasas de registro*	O
F	O	◐ *Droits d'inscription*	◐ *Droits d'inscription*	◐ *Cotisation*	O
IRL	◐ Tuition fees	◐ Registration fees	◐ Registration fees	◐ Registration fees	◐ Registration fees
I	◐ *Contributi universitari*	◐ *Tassa di iscrizione*	O	O	O
L	O	O	O	O	O
NL	◐ *Collegegeld*	◐ *Collegegeld*	O	◐	O
A	O	O	◐	O	O
P	◐ *Propinas*	◐ *Propinas* + charges for certificates	O	O	◐ *Quotizações*
FIN	O	O	O	◐	◐
S	O	O	O	O	◐
UK	◐ Tuition fees	◐ Tuition fees	◐ Tuition fees	O	O
EFTA/EEA					
IS	O	◐	◐	O	◐
LI	O	O	◐	(–)	(–)
NO	O	O	O	O	O

◐ Services covered by fees and/or other payments O Services provided free and/or services requiring optional contributions

Source: Eurydice.

Germany: a) Situation in 14 *Länder*; b) Situation in two *Länder* (Baden-Württemberg and Berlin) in which regulations for raising registration fees have been introduced. For health services, students entitled to assistance are generally covered by their parents' health insurance or receive a specific grant in accordance with the BAfoG (the Federal Law to promote Education).

France: Institutions coming under the Ministry of Education can make additional charges for extra, identified services. The registration fee is accompanied by an examination or certification fee for some courses organised by ministries other than the Ministry of Education.

Ireland: Since 1996/97, tuition fees have been paid to institutions by the government on behalf of the majority of students.

Netherlands: An amount covering insurance costs is included in the standard monthly budget of students entitled to financial support.

United Kingdom: Until 1997/98, tuition fees were paid on behalf of the majority of students by the relevant authorities. Since 1998/99, students pay a contribution towards tuition fees, the amount of which varies with respect to their own incomes, or those of their parents or spouses.

Liechtenstein: Health care is separate. There is no student representative body.

C.1. SUPPORT FOR A TARGETED GROUP OF STUDENTS

In Belgium, students receiving grants from the French and Flemish Communities benefit from a reduction in fees (*droits d'inscription/inschrijvingsgelden*). In the French Community, universities also provide reductions in *droits d'inscription* (which, in the Belgian context, include tuition as well as registration fees) from their own funds for students with particular social problems. In the Flemish Community, students from families with incomes that are low but above the limit for qualifying for a grant also receive a reduction in fees, with the amount paid based on a family means test.

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In Spain, students receiving a grant paid for from the government's general budget are not required to pay tuition fees. Exemption applies only to the *tasas de matriculación* and not the *tasas de registro*. Students from a large family receive exemption from or a reduction in fees varying according to the number of children in the family; civil servants in the ministry and their children are entitled to free enrolment at the National University for Distance Education, and university staff can enrol their children free of charge in the university in which they work. Universities also award a certain number of free places, more particularly in the case of students obtaining a distinction in a course. For each distinction obtained, students do not pay tuition fees for one course the following year.

In France, students receiving a state grant do not pay fees in state-sector universities and higher education institutions. Some students, who apply on the basis of their personal situation, more especially refugees or unemployed workers, can also be granted this exemption. The decision is taken by the head of the institution in accordance with criteria set by the institution's management committee and up to a limit of 10% of enrolled students, excluding grant-holders.

In Italy, students who receive grants or have been awarded a loan are wholly exempted by universities. Students who are eligible for a grant or a loan but who do not obtain either because the authorities lack the resources are also exempt from fees. In addition to the exemption of grant-holders, universities may also, at their discretion, exempt other categories of student. Furthermore, tuition fees are determined on the basis of general criteria set at national level, with a payment scale that takes account of students' social circumstances. The way the criteria are applied varies according to the method of calculation established by each university. There is little difference between being exempt or being placed at the lowest level of payment.

In Portugal, the Law of 1997 establishes a single fee for all students on a course for a first qualification. The amount is substantially greater than that of previous years. Students in difficulty are assisted, on the basis of family income, with study grants that are administered by the 'social action' services and cover fees as well as other expenses.

C.2. Combination of targeted and widespread support

In Ireland, since 1996/97, tuition fees have been paid by the government for all undergraduate students who have not repeated a year. The fees of 'second chance' students may also be paid. Students eligible for a grant under the means-tested student support schemes do not pay registration fees.

In the Netherlands, students entitled to financial support (the majority) pay statutory tuition fees *(wettelijk collegegeld)* whose amount is fixed by the State. The monthly budget obtained by students includes an amount to cover the payment of these fees. Financial support in the Netherlands comprises three elements: the basic grant which is not means tested and is awarded to all students entitled to support; a supplementary grant which is awarded to some of these students on the basis of a parental means test; and a loan that any students entitled to support are free to contract if they wish. The sum of the three elements constitutes the monthly budget. The basic grant and the loan constitute the universally applicable share of support, whereas the supplementary grant represents its targeted share. Students not entitled to financial support (including those whose entitlement has expired) pay institutional tuition fees *(instellingscollegeld)* whose minimum amount is equivalent to that of statutory tuition fees.

In the United Kingdom, until 1997/98, tuition fees were paid for most students by the relevant authorities, namely the local education authorities (LEAs) in England and Wales, the Education and Library Boards (elsewhere abbreviated to ELBs) in Northern Ireland, and the Student Awards Agency for Scotland (SAAS). These authorities paid the fees directly to the higher education institutions via the grants system. From 1998/99, students have to pay a contribution towards tuition fees, the amount of which varies with respect to their income, or that of their parents or spouse. This new system thus provides for more targeted support.

FIGURE I.1.4: PUBLIC SUPPORT TOWARDS PAYMENT OF REGISTRATION AND TUITION FEES AND CRITERIA FOR EXEMPTIONS FROM OR REDUCTIONS IN THEM, FULL-TIME UNDERGRADUATES, PUBLIC SECTOR OR EQUIVALENT, 1997/98.

	TYPE OF FEES	TYPE OF ASSISTANCE	CRITERIA
EUROPEAN UNION			
B fr	*Droits d'inscription*	Reduction	French Community grant-holders University grant-holders
B nl	*Inschrijvingsgelden*	Reduction	Flemish Community grant-holders Near grant-holders in the Flemish Community
DK	(–): free education		
D	(–): free education		
EL	(–): free education		
E	*Tasas de registro*	None	
	Tasas de matriculacion	Exemption	State grant-holders Civil servants Children of civil servants and institution employees
	Tasas de matriculacion	Reduction	Children from a large family Students who have obtained a distinction the previous year
F	*Droits d'inscription*	State exemption	Grant-holders *Pupilles de la nation* (war orphans)
		Exemption by institution	Refugees, unemployed persons
IRL	Tuition fees	Paid for students by the government	Students who are on their first undergraduate courses and not repeating a year
	Registration fees	Exemption	Grant-holders
I	*Tassa di iscrizione, contributi universitari, tassa regionale per il diritto allo studio*	Total exemption	Grant-holders, and students who are entitled to a grant or loan, but do not receive one because of a lack of resources (up to 10% of those enrolled), or seriously handicapped students
		Total or partial exemption at the discretion of each university or region	*Idem* plus young mothers, 'deserving' students and students who have paid work
L	Fees paid abroad	Additional amounts for tuition fees	Students having to pay fees above a certain amount (PPP/ECU 116 and PPP/ECU 2 323)
NL	*Wettelijk collegegeld*	The monthly support budget includes an amount that covers the payment of fees	Students entitled to financial support
A	(–): free education		
P	*Propinas*	The grant includes an amount for the payment of fees	Grant-holders
FIN	(–): free education		
S	(–): free education		
UK	Tuition fees	Fees paid on behalf of students by the relevant authorities until 1997/98	Full-time undergraduates following recognised courses or sandwich courses and not repeating the year
EFTA/EEA			
IS	Registration fees	None	
LI	Registration fees	Exemption	Variable, depending on institutions
NO	(–): free education		

Source: Eurydice.

Belgium (B nl): Near grant-holders who receive no grant from the Community because family income only slightly exceeds the maximum compatible with grant entitlement, are partially exempt from the payment of registration fees.

Spain: The amount paid by individual students depends on the number of courses for which they are enrolled. Each course represents a fixed number of credits depending on the number of teaching hours involved. (One credit corresponds to ten hours of theoretical or practical teaching.) Tuition fees are based on a fixed amount per credit.

Luxembourg: The amount of financial support awarded to students is raised by the amount of their tuition fees up to a maximum threshold of PPP/ECU 2 323.

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The situation in Luxembourg and Liechtenstein must be considered separately, in so far as a great many of their students study abroad. Luxembourg students abroad pay fees on the same basis as students from the host country. Those paying fees above a certain amount have their financial support increased accordingly up to a maximum threshold. In Liechtenstein, assistance towards meeting the cost of fees paid to institutions within the country depends on the specific regulations of each institution. In Iceland, there are no exemptions from payment of registration fees for courses within the country.

D. IMPACT OF FEES ON THE BUDGETS OF HIGHER EDUCATION INSTITUTIONS

The effect of registration and tuition fees on higher education funding varies from country to country. In Belgium, the level of fees is set by the government in both the Flemish and French Communities. In the French Community, the revenue generated when these fees are paid is deducted from the general revenue grant that the Community provides to the institutions. Any increase in fees therefore has a direct, positive impact on its budget.

In the Flemish Community of Belgium and in the other countries, the fees represent part of the institution's own revenue and any increase in fees directly benefits the institution. The amounts are set by the government in France and Portugal (in the public sector). In Spain, the levels of tuition fees are established by the individual Autonomous Communities, or by the central government, while registration fees are fixed by the social council of each university.

In Spain and France, the government compensates higher education institutions for the loss of income resulting from their exempting grant-holders from fees. On the other hand, there is no compensation for any other exemptions granted by the universities or higher education institutions. In Portugal, since 1997/98, higher education institutions have received the entire amount of tuition fees.

In Italy, the tuition fees *(contributi universitari)* are set by the individual institutions according to the student's merit and social circumstances, judged against national criteria. In 1997, a maximum amount was set. The overall amount paid by students in fees may not exceed 20% of the state contribution.

In Ireland, the level of tuition fees is set by the higher education institutions but, as mentioned above, these are effectively free for all students on full-time undergraduate courses. The level of registration fees, which is much lower than that of tuition fees, is set by the government.

In the Netherlands, the level of statutory tuition fees (*wettelijk collegeld*) paid by students entitled to financial support is set by the government. The level of institutional tuition fees (*instellingscollegeld*) paid by other students is set by institutions themselves.

In the United Kingdom, although the level of tuition fees is set by the individual higher education institutions, the government determines the maximum level of reimbursement of tuition fees which the relevant authorities can make to the institutions. From 1998/99, students are required to pay a contribution towards the cost of their tuition fees, depending on their own, their parents' or their husband's or wife's income; the maximum contribution for 1998/99 is PPP/ECU 1 432.

E. LEVEL OF FEES AND OTHER PAYMENTS AND PROPORTION OF STUDENTS RECEIVING SUPPORT

In countries in which students have to pay only a contribution to student organisations, its amount is relatively low. Where registration or tuition fees are paid to the higher education institutions, there is great variation in the levels of these fees. Amounts may vary according to the sector of higher education (university or non-university) or the course of study. In Ireland, registration fees are the same for all students, but tuition fees vary considerably according to the course of study and the institution attended. In the Netherlands and Portugal, the fees are the same for students attending both university and non-university institutions.

It is clear that the higher the fees are, the greater is the number of students receiving support.

The proportion of students who are (wholly or partially) exempt from fees is similar in Belgium, Spain and France. It is significantly lower in Italy, where university contributions are established at the outset for all students, according to family income. In this system, where the amounts are graduated according to the income of the family, the number of exemptions is of little significance.

In three other countries in which fees are high, the numbers of students receiving support are also high. In Ireland, tuition fees are paid by the government for most students who must, however, pay registration fees. Only grant-holding students are also exempt from paying registration fees. In 1996/97 in the Netherlands, 79% of all students in higher education received the basic grant. Among these students, 31% received a means-tested supplementary grant. In the United Kingdom, until 1997/98, tuition fees were paid by the relevant authorities in most cases (over 90% of all undergraduates). From 1998/99, and the introduction of means testing for the payment of these fees, the proportion of students receiving assistance for their payment will be lower.

FIGURE I.1.5: PERCENTAGE OF STUDENTS EXEMPT FROM OR GIVEN ASSISTANCE TOWARDS THE PAYMENT OF REGISTRATION OR TUITION FEES, FULL-TIME UNDERGRADUATES, PUBLIC SECTOR OR EQUIVALENT, 1997/98

	NO SUPPORT	15-45% OF STUDENTS EXEMPT OR RECEIVING ASSISTANCE	OVER 70% OF STUDENTS RECEIVING ASSISTANCE
CONTRIBUTION TO STUDENT ORGANISATION	**D, A, FIN, S, NO**		
REGISTRATION FEES		**F, IRL**	
TUITION FEES		**B, E**	**IRL, NL, UK**

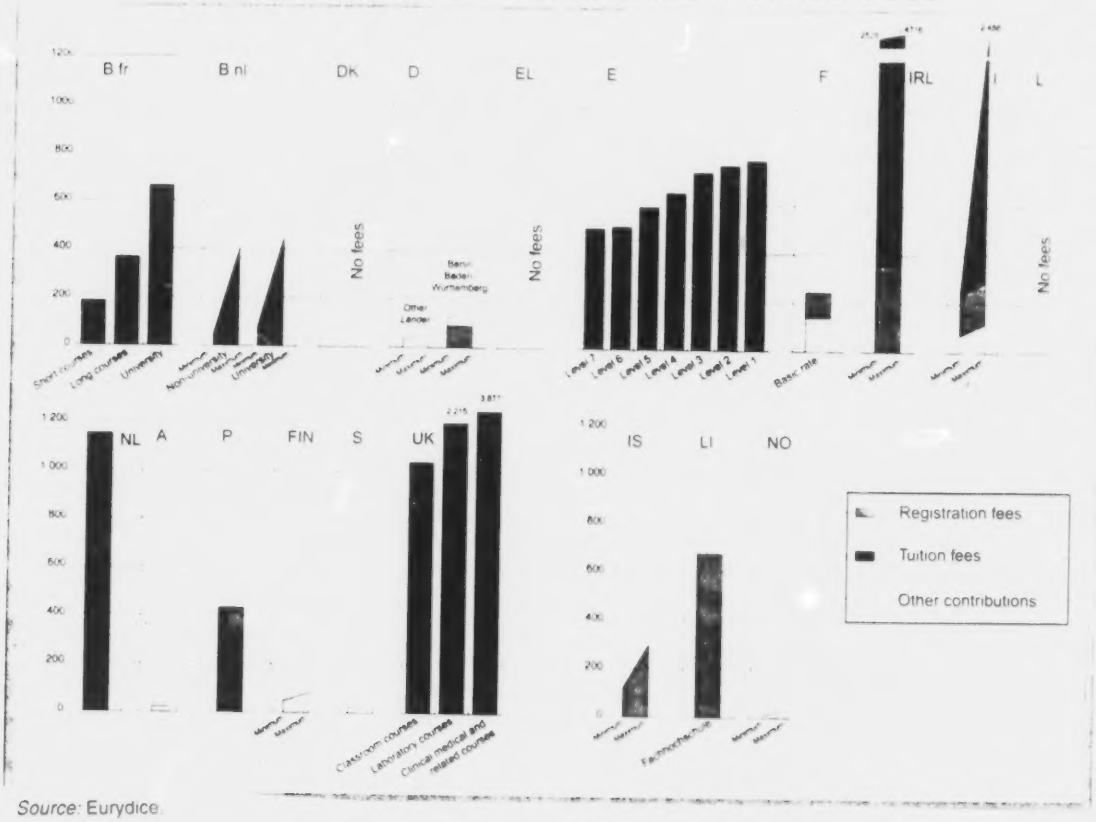
Source: Eurydice

Denmark, **Greece** and **Luxembourg**: Not applicable.
Finland: Student union membership fees are only compulsory in the universities and are optional for students at the AMK institutions.

EXPLANATORY NOTE

The percentages of students with exemptions are shown merely as an indication. The figures include only those students eligible under national or regional 'Community' criteria. Students granted exemption by the institutions themselves are not included.

FIGURE I.1.6: LEVELS OF REGISTRATION AND TUITION FEES AND OTHER PAYMENTS, FULL-TIME UNDERGRADUATES, PUBLIC SECTOR OR EQUIVALENT, 1997/98. PPP/ECU



Source: Eurydice.

Belgium (B fr): Fees are higher in the final year of study, to cover certification fees.

Germany: Fees are paid every semester and the amounts shown have been calculated on a yearly basis. The amount varies according to the *Land*. In two *Länder* (Baden-Württemberg and Berlin), regulations for raising registration fees have been introduced.

Spain: The amounts shown correspond to a year made up of 60 credits (600 course hours) for a first enrolment in a state-administered university. The seven amounts represent seven levels of course costs (level 1: medicine etc. to level 7: political sciences, law, philosophy etc.). The fees increase for second and third enrolments and for doctoral courses.

France: The graph only shows the basic rate paid for most courses. Figure I.1.7 shows the fees payable for other courses. Private institutions delivering national qualifications are obliged to apply the same regulations as public ones. A reduced rate of PPP/ECU 69 can be obtained for enrolment on a second course.

Italy: The amounts vary from one institution to another.

Netherlands: The monthly student budget calculated by the ministry to determine the level of support includes an amount to cover tuition fees (PPP/ECU 84 per month in 1995/96).

Finland: Student union membership fees are only compulsory in the universities and are optional for students at the AMK institutions.

EXPLANATORY NOTE

The amounts of fees and payments have been converted using purchasing power parities (PPP) based on the ECU. For the definition of PPP, see the definition of statistical tools at the beginning of the volume.

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FIGURE I.1.7: ANNUAL LEVELS OF FEES AND OTHER PAYMENTS, FULL-TIME UNDERGRADUATES, PUBLIC SECTOR OR EQUIVALENT, 1997/98

		AMOUNT IN LOCAL CURRENCY		CONVERTED INTO PPP/ECU	
		MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
EUROPEAN UNION					
B fr	*Droits d'inscription* - short courses	BEF 5 630	BEF 7 319 (final year)	141	183
	- long courses	BEF 11 261	BEF 14 639 (final year)	282	367
	- university level	BEF 26 500		664	
B nl	*Inschrijvingsgelden* non-university	BEF 2 000	BEF 16 217	50	406
	university level	BEF 3 200	BEF 18 000	80	451
DK		0		0	
D	Administrative fees (per semester)	2 x DEM 40	2 x DEM 60	2 x 18	2 x 27
Berlin, B-W	Administrative and registration fees	2 x (max DEM 60 + DEM 100)		2 x (73)	
EL		0		0	
E	*Tasas de registro*	ESP 2 000		15	
	Tasas de matriculación	(diluted programme)	(undiluted programme)	(diluted programme)	(undiluted programme)
	- level 1	ESP 103 543	ESP 103 560	770	772
	- level 2	ESP 100 366	ESP 100 380	746	749
	- level 3	ESP 96 753	ESP 96 780	719	722
	- level 4	ESP 85 253	ESP 85 380	634	637
	- level 5	ESP 77 355	ESP 77 400	575	577
	- level 6	ESP 66 282	ESP 66 300	493	494
	- level 7	ESP 65 147	ESP 65 280	484	487
F	*Droits d'inscription* - Ministry of Education (basic rate)	FRF 744		104	
	Vocational training	From FRF 744 to 1 859		From 104 to 261	
	Healthcare training	From FRF 744 to 1 728		From 104 to 243	
	Health insurance contribution	FRF 975		137	
IRL	Registration fees	IEP 150		208	
	Tuition fees	IEP 1 768	IEP 3 298	2 456	4 580
I	*Tassa d'iscrizione*	ITL 293 595		172	
	Tassa regionale	ITL 120 000	ITL 200 000	70	117
	Total (including the *Contributi universitari*)		ITL 725 000 (Potenza) ITL 4 250 000 (Milan)		424 2 485
L		0		0	
NL	Statutory tuition fees	NLG 2 575		1165	
	Institutional tuition fees	Minimum NLG 2 575		1 165	
A	Membership fee for the Austrian students' organisation (per semester)	180 x 2 = ATS 360		24	
P	*Propinas*	PTE 56 700		427	
FIN	Health services payment	FIM 168		26	
	Total union membership fee	FIM 323	FIM 551	51	86
S	Union membership fee	on average SEK 300 per semester		29	
UK	Tuition fees (classroom courses)	GBP 750		1 087	
	Tuition fees (laboratory courses)	GBP 1 600		2 318	
	Tuition fees (medical courses)	GBP 2 800		4 058	
EFTA/EEA					
IS	Registration fees	ISK 10 000	ISK 25 000	120	300
LI	Registration fees	CHF 1 500		677	
NO	Welfare organisation fee	NOK 150	NOK 350	15	35

Source: Eurydice

Belgium (B nl), Spain, France, Italy, Sweden and **Iceland**: Amounts for 1996/97.
Spain: The amounts of registration and tuition fees shown in the table are charged in universities under the responsibility of the Ministry of Education and Culture. Fee amounts that have to be paid in other universities may vary slightly.
Finland: Student union membership fees are only compulsory in the universities and are optional for students at the AMK institutions.

EXPLANATORY NOTE

For the conversion of national currencies into PPP ECU, see the definition of statistical tools at the beginning of the volume.

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FIGURE I.1.8: PERCENTAGE OF STUDENTS SUPPORTED OR EXEMPT FROM REGISTRATION AND TUITION FEES, FULL-TIME UNDERGRADUATES, PUBLIC SECTOR OR EQUIVALENT, 1995/96

	TOTAL NO. OF STUDENTS	NO. OF STUDENTS EXEMPT	PERCENTAGE OF STUDENTS EXEMPT
B fr	135 440	32 747	24
B nl	157 917	30 691	19
E	1 505 611	280 963	19
F	1 803 063	383 566	21
IRL	56 969	25 715	45
I	1 685 403	62 360	4
P	173 219	31 105	18

Source: Eurydice.

Belgium: The number of those exempt in the French Community includes the holders of grants and students who receive a reduction granted by the institution (on an exceptional basis, in cases where there are particular social problems). Near grant-holders in the Flemish Community whose fees are reduced are not included.

Spain: The percentage of those exempt includes only the holders of state grants, and not students from large families. The student grant-holders are not exempt from the *tasas de registro*.

Ireland: Exemption from registration fees is shown here. Since 1996/97, the tuition fees of most students have been paid by the government to higher education institutions. 1995/96 was a transitional year in which the government paid half the tuition fees of students on undergraduate courses in public-sector higher education institutions. The data refers to students in the third level publicly-funded university sector only.

Italy: There was total exemption from payment of tuition fees for a maximum 8% of students enrolled in 1997/98 (9% in 1998/99 and 10% planned for 1999/2000). Students who are partially exempt should be added to this percentage. In 1997/98, the number of students exempt stood at 116 940.

Portugal: 1994/95 data. The percentage calculated for the public sector does not cover student semi-grant-holders who were exempt from registration and tuition fees, but for whom the statistics are not available.

EXPLANATORY NOTE

Data relates to students attending higher education institutions covered by the present study (see the General Introduction).

F. SPECIAL CASES

In some countries (Belgium, Denmark, Germany, Sweden and Iceland), the system of registration and tuition fees and other payments as described above is applicable to all recognised courses of study. In the other countries, registration for some specific courses – those in private institutions, part-time courses or courses for second or third qualifications – involves very high tuition fees. Figure I.1.9 shows for each country the types of course for which such fees must be paid.

F.1. VARIATIONS IN PRIVATE STATE-RECOGNISED INSTITUTIONS

In some countries, private grant-aided institutions, i.e. institutions receiving government grants, have a different funding model from state institutions. This is the case in France and Norway in so far as these state-subsidised private institutions may charge much higher fees.

In France, the levels of tuition fees in such institutions, which are attended by 11% of students, are set by the institutions themselves. As an example, the amounts requested varied between PPP/ECU 1 404 and 8 927 in 1996/97. Grant-holding students attending these institutions are not exempt from tuition fees. Reductions are awarded by the schools themselves, from their solidarity funds. In Norway, students can obtain loans, whose maximum amount was PPP/ECU 1 869 in 1997/98, for the payment of tuition fees which are very high in some subsidised private institutions.

FIGURE I.1.9: CONDITIONS FOR THE PAYMENT OF TUITION FEES FOR CERTAIN COURSES, 1997/98

	COURSES IN PRIVATE, STATE-RECOGNISED EDUCATION	PART-TIME COURSES	POSTGRADUATE COURSES
	EUROPEAN UNION		
B	o	o	o
DK	o	o	o
D	●	o	o
EL	(–)	o	o
E	●	o	●
F	●	(–)	o
IRL	o	●	●
I	o	(–)	o
L	(–)	(–)	(–)
NL	o	●	●
A	(–)	o	o | ●
P	●	(–)	●
FIN	o	(–)	o
S	o	□	o
UK	o	●	●
	EFTA/EEA		
IS	o	o	o
LI	●	(.)	(.)
NO	o ●	o	o

● Higher tuition fees and/or no support

o Similar conditions as for full-time undergraduates (see description on previous pages)

Source: Eurydice.

Spain: The amounts of fees set for each subject or for each credit are the same for both full-time and part-time students.
Italy: Private institutions are grant aided. Reductions or exemption from fees exist for grant-holders in these private grant-aided institutions.
Austria: In universities, there are no part-time courses, which are only possible in *Fachhochschulen* and *Akademien*.
Finland: Private grant-aided institutions exist only in non-university higher education. They do not charge fees.
United Kingdom (SC): Tuition fees up to a maximum of PPP/ECU 3 637 (PPP/ECU 1 432 for teacher training courses) are paid by the SAAS. Where the tuition fees charged are higher than the amount paid by the SAAS, the student is responsible for the balance of the fees. Whether part-time students pay fees depends on the course they are undertaking, the institution they attend and their income.

In Portugal, in private and cooperative higher education – which involves about 36% of students – the institutions do not receive direct funding from the government. Tuition and registration fees are one element of the student grants and the maximum amount awarded is PPP/ECU 2 638. In 1996/97, very few students in this sector received a grant (3.2%).[1]

In Spain, charges in private grant-aided and non-grant-aided education are similar. Students from private grant-aided universities may receive grants and support from public funds made available to their own institution, or from other private foundations. In private institutions, the tuition fees are usually very high. These institutions also offer exemptions or reductions to, for example, students who have achieved distinctions.

The single private institution in Liechtenstein receives no public subsidy, and charges high tuition fees.

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[1] The system of support for students in the private sector is currently undergoing reform.

F.2. Conditions for part-time students

On the whole, part-time students do not receive support for the payment of registration or tuition fees. The situation of students in three countries deserves particular attention as the tuition fees can be relatively high and the proportion of part-time students is also substantial (between 30 and 40%).

Thus in Ireland, part-time students have to pay tuition fees as well as registration fees. However, they are entitled to tax relief on their tuition fees. In the Netherlands, part-time students must pay at least PPP/ECU 566 in tuition fees and they receive no support. In the United Kingdom, universities are autonomous bodies and individual institutions can make their own arrangements for the payment of fees by part-time students. Part-time courses are often organised on a modular basis and fees may then be charged according to the number of modules taken. Fees can also vary considerably according to the course.

F.3. Conditions for postgraduate studies

Terms governing the payment of fees differ when students embark on postgraduate courses in all countries in which institutions charge registration or tuition fees, except Belgium and France where the forms of support and the amounts involved are both similar. In Belgium, the fees paid for a doctorate are identical to those for a first degree (awarded after four or five years of higher education). In France, fees are also identical for a second qualification, such as the *maîtrise*. In the case of registration for doctoral or research activities, they are slightly higher. In both countries, students involved in such activities (known as '3rd-stage' studies) who obtain a grant on the basis of social and academic criteria, benefit from a reduction in fees (Belgium), or total exemption (France).

In Spain, the amounts paid are increased in the case of a second or third qualification. For a doctorate, they are around three times higher than for a first degree. Students entitled to a grant under the general state budget are exempt from tuition fees. In Italy and Portugal, registration and tuition fee levels are identical for students on most courses. However, students embarking on 'specialisation' courses in Italy, or on a doctorate or other research-oriented studies in Portugal, pay fees at a level fixed by the universities which themselves determine the conditions governing exemption.

In the Netherlands, students working for a doctorate (*Promotie*) receive no state support, but are generally employed by the institutions in which they are studying. This is also the case in Norway.

In Austria, students who are on undergraduate courses or working for a doctorate pay no fees. It is only some courses for a second qualification that require the payment of fees ranging from between PPP/ECU 726 and 14 534, for which students receive no state support.

In Ireland, postgraduate students do not benefit from the abolition of tuition fees in the same way as those on undergraduate courses. But students who receive state grants are exempt from the payment of such fees.

In the United Kingdom, tuition fees may be paid for postgraduate students by the relevant authorities, or by one of the government-financed research councils (at standard rates). Students on courses for a Postgraduate Certificate of Education, or undergoing initial teacher training, pay the same tuition fees and receive support from the relevant authorities in accordance with the same terms as those on undergraduate courses.

CHAPTER 2

GRANTS AND LOANS

This chapter sets out to analyse cash support to students funded by the public authorities, subject to certain conditions, in the 1997/98 academic year. In order to provide more reliable comparisons, it focuses primarily on the main financial support system in the form of grants and loans to students on undergraduate courses. This approach stems largely from the explanation, in the General Introduction, of the way courses are organised. For beyond undergraduate level, course structure varies considerably, with the result that comparisons are of little value. Nevertheless, outline information on additional support during study for a second qualification or doctorate is provided in other chapters. The two main forms of support examined here are grants (which do not have to be repaid by students) and loans (which do, after their period of study). In the present analysis, only grants and loans intended to contribute, at least partially, to the subsistence of students, are considered. Financial support meant solely to cover tuition fees is not dealt with here, as it is examined in Part I, chapter 1 on registration fees and the costs of tuition. Family allowances paid out in some countries are also a somewhat special form of cash support. Given their particular characteristics, they are covered in Part I, chapter 3 devoted to family cash benefits. Yet other forms of direct money payment to students (to help with accommodation and transport for example) also exist, but are less widespread. They will be considered in Part I, chapter 4 dealing with other social benefits.

The award of scholarships or prizes associated exclusively with academic merit is a further type of financial support available in some countries for selected groups of students. Usually, as in Greece, Spain and Portugal, it is not earnings-related, but awarded following the completion of courses, on the basis of individual student attainment. Furthermore, the characteristics of this kind of support, as well as the terms governing its award, are generally determined by the institution or the organisation that grants it. Variations within a given country are such that any international comparison is very difficult indeed. The present comparative analysis does not therefore examine scholarships, prizes or other kinds of entitlement linked to merit.

The analysis is thus devoted essentially to the main systems of grants and loans. It will examine the various components of such support, whether offered separately or in combination, as well as the administrative levels at which it is managed, the conditions governing its award and continuation, specific provisions relating to the repayment of loans, the extensiveness of support with respect to the relevant student population and, finally, the amounts awarded in different countries.

Within most countries during the 1997/98 academic year, the same system of support was applicable to all students in higher education – or, more specifically, following recognised courses of study, as in the United Kingdom – regardless of the institution at which they were enrolled. Exceptions, however, were Greece and Ireland (although, since 1998, conditions governing the award of grants in Ireland have been identical for students in university institutions and those at professional or technical higher education institutions). In Portugal where over a third of all students attend private and 'cooperative' schools, the grants system was extended to them in 1996. However, public support was already awarded before then to financially poor students in this sector in the form of a contribution to the payment of tuition fees.

A. COMPONENTS OF STUDENT GRANTS AND/OR LOANS SYSTEMS

The financial support for students in the Member States of the European Union and the EFTA/EEA countries may be regarded as a continuum ranging from exclusively grants-based systems to exclusively loans-based systems such as the one in Iceland. Their different situations are summarised in Figure I.2.1. Grants are the most widespread form of support, but many countries also offer loans that are guaranteed and/or subsidised by the State.

In most countries in which loans are obtainable, they are an integral part of support and, together with grants, constitute a combined system. The two components are usually awarded on similar terms, and only students entitled to a measure of support in the form of a grant may acquire a loan in order to supplement it. In most combined systems, students are generally free to decide whether they will accept the supplementary loan entitlement. An exception to this is in Germany where students eligible for financial assistance are obliged to receive a grant and a loan in equivalent proportions regarded as an integral support package. In some countries, however, the systems of grants and loans are separate and operate independently of each other. The conditions governing their award may also be different. Students not entitled to a grant may be eligible for a loan. In France, where the loans system is separate, students entitled to a grant cannot obtain the loan known as a *prêt d'honneur*. As section E.1. will make clear, the wide latitude enjoyed by students results, in many countries, in significant variations in the proportions of those who use loans to supplement their grants, or apply for loans as an entirely separate element. In the Flemish Community of Belgium, Greece, Spain, Ireland, Austria and Portugal, only grants are available. In three countries, the proportion of students with a loan is very small indeed, standing at less than 1%.

FIGURE I.2.1: COMPONENTS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

GRANTS ONLY	MAINLY GRANTS, WITH SEPARATE LOANS (TO LESS THAN 1% OF STUDENTS)	GRANTS AND LOANS		LOANS ONLY
		SEPARATE ARRANGEMENTS	A COMBINED SYSTEM	
B nl, EL, E, IRL, A, P	**B fr, F, I**	**UK**	**DK, D, L, NL, FIN, S, LI, NO**	**IS**

Source: Eurydice

Netherlands: Two main elements of the support system are the basic grant and the supplementary grant. They are allocated in the form of a conditional loan, known as *prestatiebeurs*, which is convertible into a grant on the basis of student performance. An ordinary loan, which cannot be converted into a grant, is also available to supplement the basic and/or the supplementary grant.

Portugal: The 1997 law provides for government support in the form of a loan repayable at a low rate of interest that has to be regulated, and is not yet operational. Only a few *ad hoc* urgent loans have been awarded by the 'social action' service.

United Kingdom: The situation will be entirely changed from September 1999. Maintenance grants will be fully replaced by loans.

Iceland: Grants are solely available for postgraduate studies.

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Figure I.2.2 provides the same information in the form of a map. It reflects an apparent division between countries in the north-east and those in the south-west as regards the inclusion or otherwise of loans in the student support system. However, it should be noted that in most countries which solely or mainly provide grants, the introduction of a loans system is under discussion or has been considered, as the historical analysis of past reforms makes clear (Part II, chapter 1). Portugal has introduced a state-subsidised loan system for students which has not been implemented. In France, the introduction of the loans system in 1991 is considered to have been a failure. In Greece, loans for university students introduced in 1991 were abolished in 1995. Finally, in Spain, an experimental loans scheme was devised in 1996, together with guidelines for its introduction, but the system has not yet been adopted.

FIGURE I.2.2: THE VARIOUS COMPONENTS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

Source: Eurydice

Portugal: A system of loans has been introduced by legislation that has not been implemented.
United Kingdom: The situation will be entirely changed from September 1999. Maintenance grants will be fully replaced by loans.

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B. SOURCES OF PUBLIC FUNDING AND MANAGEMENT OF THE MAIN GRANTS AND/OR LOANS SYSTEMS

From the standpoint of government expenditure, loans represent a form of support that, all other things being equal, is less costly than grants, since beneficiaries repay at least the capital. However, the share of the cost borne by the authorities may vary. Section D describing the terms of repayment shows that, in order to avoid the undesirability of students incurring excessive debt, interest on loan repayments is, in general, at least partly covered by the appropriate public-sector budget, while repayment itself is deferred until students have completed their courses and indeed, in most cases, until they are earning a salary felt to be adequate.

Among countries offering public-sector loans in 1997/98, three main categories may be distinguished as follows:

- Those in which the government simply underwrites loans awarded by the financial sector generally at the ongoing commercial rate of interest, as in the case of Finland and Norway (with the government in Norway, however, assuming responsibility for interest due during the period of study).
- Those whose governments both underwrite loans, and subsidise a share of the interest on them by applying preferential rates during the whole period set for repayment, or a fixed period. This applies to the French Community of Belgium, Denmark, Luxembourg, Sweden, and Liechtenstein (if the loan is repaid between six and 15 years after the end of studies). In the Netherlands, the interest rate is based on the rate for government loans, but with an additional percentage point of 1.15 to offset possible defaulting on repayment. In Iceland, the rate of interest is not government subsidised. The State contributes to the public fund concerned and annually fixes the interest rate (of between 0 and 3%) that the student has to pay in addition to the amount determined by the capital index.
- The government or responsible public authority underwrites the loan and pays all interest on it, as occurs in Germany, France, in the case of the *prêts d'honneur*, Italy, the United Kingdom, and Liechtenstein (if the loan is repaid within six years). In Liechtenstein, students repay only the capital value of the loan. In the United Kingdom, interest rates are indexed to inflation and adjusted each year in line with a consumer price index, so that the sum repaid is roughly equivalent to the amount borrowed.

Besides loans that are underwritten and/or subsidised by the State for students on undergraduate courses, two countries (Denmark and Germany) have specific loan arrangements intended solely for students who, for whatever reason, are no longer entitled to conventional support. The aim is to enable them to complete their studies. The terms for repayment of these loans are generally less advantageous. Loans may be administered by the private sector, with a greater proportion of the interest rate liable to be borne by the student. Finally, in most countries, banks offer loans to students who can find a guarantor and prove they are likely to be able to repay the amount borrowed.

In Figure I.2.3, countries are classified in accordance with both the administrative level of the principal budgetary source of funding for the main forms of grant and/or loan support (central government or regional authorities), and the level of the body responsible for managing and distributing them. Three main management levels are identified here, namely national or central level, regional or local level, and institutional level.

FIGURE I.2.3: PUBLIC FUNDING AND MANAGEMENT OF THE MAIN FORMS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

MANAGEMENT AT	FUNDING WHOLLY OR MAINLY FROM THE CENTRAL BUDGET	FUNDING WHOLLY OR MAINLY FROM REGIONAL AND/OR LOCAL BUDGETS
CENTRAL/NATIONAL LEVEL	**B (B fr, B nl)**, **DK**, **EL**, **E** (for the Autonomous Communities without full powers), **L**, **NL**, **P** (private and 'cooperative' institutions), **FIN** (grants), **S**, **UK** (loans and, in Scotland, grants), **IS**, **LI**	
REGIONAL OR LOCAL LEVEL	**D** (*Länder*), **E** (for the Autonomous Communities with full powers), **F**, **IRL**, **A**, **UK** (grants), **NO**	**E** (Basque Region), **I** (Regions)
INSTITUTIONAL LEVEL	**P** (public sector) **FIN** (universities)	

Source: Eurydice.

Belgium: The Community is regarded as the central level. Each Community decides on the share earmarked for financial support in its education budget. In addition to the conventional grants system, each Community pays subsidies to the universities and *hautes ecoles/hogescholen* (non-university higher education courses) so that they can organise social services and allocate grants to some students.

Denmark: The institutions receive and check applications. They pass them to the State Education Grant and Loan Scheme Agency which registers applications and pays out grants and loans.

Germany: 65% of funding comes from the federal budget, and 35% from the *Länder* which implement the law laid down by the federal government. Financial support bureaux supervised by the *Länder* have been set up in universities and other institutions.

France: Support (grants and *prêts d'honneur*) are funded by the State on the basis of decisions by the *Rectorats* (areas for educational administration throughout the country that are responsible to the Ministry of Education). The money is handed out by the 30 *Centres Regionaux des Oeuvres universitaires et scolaires* (the CROUS, or public regional centres for student services). Since 1989, some communes award from their own resources a 'minimum student income' to higher education students enrolled within their area for at least three years. The amount varies with student income (family support and, in certain cases, grants). Finally, local and regional authorities award grants on a small scale.

Ireland: The Department of Education reimburses the local authorities the total sum they allocate as grants, less a flat rate contribution for which they are responsible.

Italy: Grants are funded solely from regional budgets that derive partly from tax on registration fees. A share of the amount comprising loans is state funded. From 1997/98, the State will also contribute to the grants budget.

Luxembourg: For the share of support awarded as a loan, students freely choose their credit-awarding agency, to which the State makes a direct contribution.

Finland: Student unions may award their members small short-term low-interest-rate loans. Each university has a financial aid committee for handling the applications and making the decisions.

United Kingdom: Although the relevant authorities in England, Wales and Northern Ireland may at their own discretion award grants to students on courses for which there is no mandatory grant entitlement, the number of such awards in 1997/98 was very low. The government also awards higher education institutions an 'access fund' enabling them, in accordance with very specific terms, to allocate grants to students unable to obtain the mandatory grant. Maintenance grants will be completely replaced by loans with effect from the 1999/2000 academic year.

Support from public monies in most cases, therefore, derives directly from the national and/or central budget, while the general terms for award and financial criteria are determined at this level. In a minority of countries, grants/loans are funded wholly or partially from regional budgets. This applies mainly to Germany in the *Länder*, the Basque Region of Spain, which exercises full powers, and Italy in which the regions are very largely responsible for the funding and management of support. In Ireland, the local authorities make a small contribution to the funding of grants from their own resources.

As Figure I.2.3 also illustrates, the management and distribution of support may be spread across several administrative levels. In the few countries in which the regional and local authorities contribute substantially to the funding of support, they also manage and distribute it. Elsewhere, administration is the task either of the central level, or carried out by the relevant authorities at regional or local levels. These administrative levels may be services or agencies which are essentially branches of central government (France, Austria, Finland, Sweden and Norway), or fully devolved authorities (like the Autonomous Communities with full powers in Spain, the local authorities in Ireland and the Local Education Authorities in the United Kingdom). Less frequently, the institutions of higher education themselves constitute the main administrative and management level. This is the case in Portugal (in its publicly-maintained higher education institutions), in Finland, and in the United Kingdom for access funds.

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C. CONDITIONS FOR THE AWARD OF A GRANT AND/OR A LOAN

This section describes the main conditions that have to be satisfied for the award and continuation of public-sector financial support in the form of grants and/or loans. The most widely encountered conditions will be examined first. Those linked to nationality or residence in the case of foreign students will be considered in Part I, chapter 6.

C.1. General conditions

General conditions linked to student status are applicable everywhere. All countries require that holders of grants and/or loans be enrolled in a recognised higher education institution, or on recognised courses. In most countries, support is limited solely to full-time students. However, there are exceptions in several countries in which the notion of a 'regular student' is not conceived in terms of full-time or part-time status. In some countries, beneficiaries have to be students on an undergraduate-level course for the first time. This means that they must not already hold a higher education qualification of the same level as the one on which they are embarking when they apply for support. In general, the countries concerned correspond to those that wholly or mainly offer grants. Finally, in Norway, the share of support in the form of a grant is awarded only to students living away from the home of their parents.

FIGURE I.2.4: GENERAL CONDITIONS GOVERNING THE MAIN FORMS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

	For grants	For separate loans	For grants and loans combined
Enrolment at a recognised higher education institution and/or on a recognised course of study	All countries	All countries	All countries
Solely full-time	**B fr, B nl, EL, E, F, IRL, I, UK**	**B fr, UK, IS**	**D, DK, NL, L, FIN**
Enrolment for a first qualification	**B fr, B nl, EL, E, F, IRL, A, P, UK**		
Minimum period of study			**DK, NO**: 3 months **D**: 6 months **NL**: 1 year **FIN, LI**: 2 months **S**: 2 weeks
Solely for students not living with their parents	**NO** (grants share)		

Source: Eurydice.

France: The conditions laid down for the state-funded *prêts d'honneur* are the responsibility of the *Rectorats*. Each has its own (social and university) criteria for allocation, which are not therefore shown in the table. These loans are somewhat selective and often allocated for postgraduate courses.
Austria: Students cannot be employed part-time for over 50% of a normal full-time working schedule, or earn more than ECU 290 a month if they are to retain their grant entitlement.
Sweden: Part-time students receive support at half the normal full rate.
United Kingdom: In specified cases, students on part-time courses of initial teacher training may be eligible for awards.

C.2. Means-tested support

With the exception of the award of ordinary loans in Luxembourg, the Netherlands and the United Kingdom, all countries have established **means testing** for the award of financial support in the form of grants and/or loans. Support is intended either for students with the lowest incomes (in terms of family income and/or the income of the student alone), or for most students, by fixing the maximum student income for eligibility at a fairly high level. The most widespread model is one in which no grant and/or supplementary loan is obtainable if net income is higher than a maximum upper limit, and in which, on the other hand, the full amount of support is awarded when income is equal to or less than a fixed minimum. Many countries provide for a set of intermediate categories in which the amount of

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support is diminished as income rises. In Denmark, the Netherlands, Finland and Sweden, students who earn more than the 'authorised amount' have to pay back the sum that exceeds their entitlement, at the end of the year. Some countries also distinguish between students in accordance with whether or not they live with their parents. The amount allocated is higher if students do not live with their parents, in the Flemish Community of Belgium, Denmark, Germany, Luxembourg, the Netherlands, Finland, the United Kingdom, Liechtenstein and Norway. In Norway, students resident with their parents are not entitled to receive support in the form of a grant. If students in the Flemish Community of Belgium, Italy, Austria and Portugal are enrolled at institutions far from their official place of residence and therefore live temporarily close to their institutions, they may receive an increased amount. In the United Kingdom, support is weighted for study in London. These particular conditions are described in greater detail in Chapter 4 dealing with social benefits.

FIGURE I.2.5: MEANS TESTING TO DETERMINE THE AWARD AND AMOUNTS OF THE MAIN FORMS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

	AWARD OF SUPPORT LINKED TO THE INCOME OF STUDENTS AND THEIR PARENTS (UNTIL THE AGE OF AROUND 25)	AWARD OF SUPPORT LINKED TO STUDENT INCOME ALONE	AWARD UNRELATED TO INCOME
GRANT OR LOAN AMOUNTS FIXED IRRESPECTIVE OF INCOME			**NL** (supplementary loan) **UK** (loans)
GRANT OR SEPARATE LOAN AMOUNTS DECREASE AS INCOME RISES	**B**, **EL**, **E**, **F**, **IRL**, **I**, **NL** (for the supplementary grant), **A**, **P**, **UK** (grants)	**NL** (for the basic grant), **FIN** (65% grant maximum) **IS, NO** (28% grant maximum)	
A FIXED TOTAL AMOUNT OF SUPPORT WHOSE GRANT/LOAN PROPORTIONS VARY WITH INCOME	**L** (50% grant maximum)		**L** (supplementary loan)
THE TOTAL AMOUNT DECREASES AS INCOME RISES, WITH THE GRANT/LOAN PROPORTIONS REMAINING UNCHANGED	**D** (50% grant), **LI** (55% grant)	**DK** (over the age of 20), **S** (28% grant)	

Source: Eurydice.

France: Students who receive a grant are not entitled to the *prêt d'honneur*, which is awarded by the *académies* with reference to variable criteria. The social circumstances of students are frequently taken into account.
Ireland: Only the income of students is taken into account if they are aged over 23, or if they live away from the home of their parents.
Italy: Student grant-holders are not entitled to loans.
Luxembourg: Students not entitled to the grant share because family income is too high may apply for the total amount of support in the form of a loan.
Austria: Where it is recognised that students have been fully self-supporting for at least four years while earning a minimum income of ECU 6 395, only this income is taken into account.
Finland: The amount of grant and housing supplement decreases when the amount of income increases, but the loan amount stays the same. As a result, the relative proportion of the loan increases. If the income of students exceeds the fixed threshold, they are no longer entitled to either a grant or a loan.
United Kingdom: Grants are only parental means tested if students are aged less than 25, or if they have been married for less than two years before the start of the academic year for which they are applying for support. If they have been married for longer, the income of the husband or wife is taken into account instead of parental income. The grants system is being abolished with effect from 1999/2000.
Norway: If student income exceeds a certain maximum limit, in the first instance the grant share of support diminishes. If grant entitlement is non-existent because the income is altogether too high, then the loan is diminished.

Most countries consider students to be dependent on their parents generally until the age of 25, unless they have started families of their own. Means testing thus covers the entire family unit. Exceptions are Denmark, Sweden, Finland, Iceland and Norway. In these countries, from the age of 20 at most, only student income is means tested. Support is awarded up to a fairly high maximum income, as a result of which a greater proportion of students is eligible for it. In Finland, parents are still considered to some extent responsible for their children. If young people live with their parents (few of them do so), the amount may be increased where families have very low incomes, but cannot be decreased in the case of those with high incomes.

In Luxembourg, where loans supplement grants, the relative proportions of grant and loan are determined in relation to both the income of students and their families. Consequently, the higher the income, the less support students receive proportionally in the form of grants, although they may receive a greater proportion as a loan. Where students are not entitled to any grant share because the income of their parents is too high, they can obtain the entire amount of support as a loan. Arrangements in the Netherlands are similar. The basic grant (*basisbeurs*) is determined solely in relation to student income for which there is a rarely exceeded upper limit. But the supplementary

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grant (a*anvullende beurs*) is only awarded to students whose parents have an income less than a certain maximum level. A supplementary interest-bearing loan may be taken out by all students irrespective of parental income. The maximum amount that may be borrowed thus depends on the amount of the supplementary grant.

In Denmark, Germany, Sweden, Iceland and Liechtenstein, in which the grant/loan proportion is a constant, the total amount of support is gradually reduced if family and/or student income exceeds a certain maximum amount. The amounts of grant and loan each therefore diminish accordingly.

Some countries which consider that declared income is not really a reliable basis for deciding on the award of support take into account additional indicators of the resources of families, such as the value of their homes or property (Flemish Community of Belgium and Spain), or non-taxable income (Luxembourg). In Italy since 1997, declared income has been corrected to take account of property. In Portugal, rules for verifying the extent of financial resources have been drawn up. Since September 1997, in accordance with the law, student applicants for the award of grants are required to complete a signed declaration that includes a statement of family income, proof of which has to be submitted on request.

Because, in Greece and Italy, a high proportion of students are eligible for a grant for economic reasons, while only limited resources for public funding are available, students in the lowest income groups who receive support, are selected also on the basis of merit assessed, at the outset, with reference to their final upper secondary school results. In Italy, where students from underprivileged economic backgrounds receive priority in the award of support, those enrolling at university for the first time have to have completed the end of secondary schooling with marks over 70%. At present, almost 20% of students entitled to a grant with respect to the low family income criterion, do not in fact receive one.

C.3. AGE LIMITS

Many countries impose a maximum **age limit**, either for making first-time applications for support, or for eligibility to receive it as a grant and/or loan. Very few countries specify a minimum age for support, since this is generally determined automatically by the notional duration of schooling prior to entry into higher education. In general, age limits are identical for the two kinds of support, except in the United Kingdom where an upper age limit is fixed for loans only, simply to ensure that there will be sufficient time for their repayment.

Upper age limits vary enormously from one country to the next. Thus in the Netherlands, only students under 27 may receive financial support in the form of a grant (*prestatiebeurs*). Above that age limit, student finance is awarded solely as loans. In Sweden, the limit is as high as 45 years of age and, in Norway, no less than 65.

FIGURE I.2.6: AGE LIMITS FOR OBTAINING THE MAIN FORMS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

	FOR GRANTS	FOR SEPARATE LOANS	FOR GRANTS AND LOANS COMBINED
MINIMUM AGE	**E**, **IRL**, **FIN** (age 17)		**DK** (age 18)
UPPER AGE LIMIT FOR MAKING AN INITIAL APPLICATION	**B fr** (under 35), **F** (under 26), **A** (under 35)	**UK** (under 50)	**D** (under 30)
UPPER AGE LIMIT FOR OBTAINING SUPPORT	**NL** (under 27)		**S** (under 45), **NO** (under 65)
NO AGE LIMIT	**B nl**, **EL**, **I**, **P**, **UK**	**F**, **IS**	**DK**, **L**, **LI**

Source: Eurydice.

Germany: The law provides for certain exceptions. In the new *Länder*, a transitional measure enables the upper age limit to be extended in the case of older people whose educational opportunities are recognised as having been compromised.
France: Students cannot discontinue their course after an initial application for support, and still receive a grant.
Netherlands: Students aged 27 or over may continue to receive student finance for as long as they continue their study without a break. However, they can no longer receive it as a performance grant, but solely as a loan.
Austria: In September 1998, the age limit was lowered to 30. It may be raised to 35 in exceptional cases.
Portugal: In November 1997, the age limit still applicable in the private sector was abolished.
Sweden: Over the age of 45, support may be continued under exceptional circumstances.

C.4. STUDY PROGRESS AND ATTAINMENT

Normal progress through the successive stages of courses, as well as their satisfactory final completion, are conditions for obtaining all or some support in the form of a grant in all countries. The majority of them require that either students satisfactorily complete each year of their course, although some countries allow students to repeat a year without withholding their grant, or that they finish their entire course within a predetermined number of years. Most countries resolve this issue by limiting grant support to a given number of years. Figure I.2.7 compares the time limits set by various countries for grant and/or loan support to students on undergraduate courses.

FIGURE I.2.7: TIME LIMITS FOR RECEIPT OF THE MAIN FORMS OF GRANT AND/OR LOAN SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1997/98

NO LIMIT FOR SEPARATE LOANS	1 OR 2 YEARS BEYOND THE NORMAL LENGTH OF COURSES, FOR GRANTS OR GRANTS AND LOANS COMBINED	THE NORMAL LENGTH OF COURSES, SOLELY FOR GRANTS OR GRANTS AND LOANS COMBINED	A FIXED NUMBER OF YEARS, IRRESPECTIVE OF THE COURSE CONCERNED
B fr, F, UK	One further year: **E, I, L, A, LI, NO** Two further years: **P**	**B (B fr, B nl), D, F, IRL, UK** **NL** (4 years + 3 years for loans) **FIN** (between 45 and 65 months depending on the course) One-year awards renewable: **EL**	**DK** (6 years) **S** (6 years) **IS** (5 years)

Source: Eurydice.

Denmark: Normal period of studies (generally five years) plus one year.
Netherlands: The maximum period for obtaining support corresponds to the nominal length of studies – in most cases, four years. Beyond this period, students may continue to receive a loan for three years.
Austria: For each phase of studies, the period may be extended by a semester. Courses are generally divided into two phases.
Portugal: In accordance with a decision of 7 August 1998, a new ruling stipulates that, during one of these two further years, students have to obtain minimal positive results if their grant is to be maintained. The results required are calculated in a way that takes into account the number of courses during a semester and the theoretical duration of studies.

Figure I.2.7 shows that all countries impose a time limit for support to these students. In some of them, the time limit is not restricted to the award of grants. The progress of students is actively monitored. Thus in Belgium, France, Ireland and the United Kingdom, the grant is maintained only following satisfactory completion of the preceding year. In the case of failure, support is discontinued while the year is repeated. Students thus receive support corresponding to the normal length of their courses. Satisfactory completion of the year is not a sufficient criterion in Greece and Italy. Here, for budgetary reasons, the decision to continue or discontinue a grant to a student is taken annually, with grants awarded only to those who obtain the best results in the previous year's examinations. In the French Community of Belgium, as well as in France and the United Kingdom, students no longer entitled to grants because they have failed to satisfactorily complete a year, are entitled to loans. In France, an individual allowance similar to a grant may be awarded on an exceptional basis to students who are no longer eligible for support, and in financial hardship. These grants are awarded by the CROUS (public regional centres for student services). In the United Kingdom, students who do not complete their courses may be obliged to repay any maintenance grants received for periods subsequent to discontinuation of the courses concerned.

In Germany, support covers a period corresponding to the maximum notional period of the studies undertaken. All students may claim their entitlement to it, as long as they obtain satisfactory academic results. After four semesters, they must provide evidence that they have continued their courses in a normal fashion, if they are to continue to receive support. They are not expected to supply any more precise information regarding their academic performance.

In Spain, Luxembourg, Austria, Liechtenstein and Norway, students may be supported for one year longer than their normal period of study, thereby enabling them to repeat one year without losing their financial assistance. At the same time, the progress of students in Spain and Austria is monitored. To receive a grant in Spain for the forthcoming year, students have to obtain the average mark required taking performance in all subjects into consideration, and not fail in more than one. In the second semester in Austria, students must pass at least 10% of their minimum course workload (usually between 14 and 22 hours a week).

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Furthermore, if they do not obtain half the marks (or *standards*) required, they must repay their grant. In Portugal since 1997/98, students may retain their grant entitlement for two years beyond the nominal length of their course, for the purpose of completing their studies satisfactorily. Previously they were unable to obtain support for years that had to be repeated.

Finally, Denmark, the Netherlands, Sweden and Iceland each limit the total number of years or the period during which support is available. As in the case of countries that award support solely for the normal duration of courses, the arrangement is a major incentive to students to complete each year satisfactorily. In Denmark, students have to attend courses and pass their examinations in order to retain their entitlement to support. A further year's entitlement is allowed in cases of partial failure provided they sit the exams. In Finland, Sweden and Iceland, on the other hand, student progress is monitored, and only those who have satisfactorily completed a minimum proportion of their course workload, or obtained a minimum number of credits retain their entitlement. For example, in Iceland, loans to students are reduced if, during their six-monthly assessment, they have not passed examinations corresponding to the full-time workload. Further loans are withheld from students who do not pass in at least 75% of their regular course workload, until the requirements are met.

In the Netherlands, the share of support in the form of grants is closely linked to student performance. In the former so-called 'speed grant' (or *tempobeurs*) system still applicable to students who began their courses before 1996/97, grants to them are converted into loans if they do not obtain at least 50% of total marks at the end of the year. In 1996/97, the emphasis was shifted, and students enrolled since then receive a conditional loan (or *prestatiebeurs*) that may be converted into a grant. Conversion occurs in accordance with two requirements. The first is that, at the end of their initial year, students obtain at least 50% out of their total possible study marks for the year (a minimum 21 out of 42) in which case the loan support they have obtained is transformed into a grant with no need for repayment. After that, students have to complete their courses within a maximum six-year period for the remainder of their conditional loan entitlement to be similarly converted. Students who have obtained at least 10 study marks in their first year, and then satisfactorily complete their entire course in four years get a second chance: their first-year loans are converted into grants. If these conditions are not respected, support to students is treated as an interest-bearing loan. These terms apply both to the basic grant and the supplementary grant awarded with respect to parental income. The share of ordinary loans in support is not convertible into grants in the case of satisfactory academic performance. In Sweden, students must complete at least three-quarters of their annual course workload to retain their entitlement to support.

Over and above these general rules, periods of entitlement may be extended for exceptional reasons (including illness, maternity, etc.) in Austria, Finland and Sweden. Under certain legally recognised circumstances in Germany, students who have not completed their courses in the normal period (after changing subject for example) or have failed their final examinations, may continue to receive combined grant and loan support for an appropriate period. In the French Community of Belgium, an institution may decide to award a social subsidy to students who repeat a year, in accordance with its own terms. Where a year is repeated in France, it is possible to receive individual support on an exceptional basis, or a *prêt d'honneur*. In Luxembourg, students may have their period of support extended subject to the approval of an advisory committee.

Some countries reward students who complete their course on time. For example, if students in Germany do so at least two months before it was normally supposed to end, with a result among the top third of students, part of their loan is converted into a grant. In Luxembourg, students who satisfactorily complete a first university course within the normal period plus a maximum further year receive a single special grant on request. In Liechtenstein, students receive a supplement to their grants for each year of successfully completed study.

Finally, in Norway, a proportion of loan support is converted into a grant for students who have passed their exams in courses normally lasting at least five years, irrespective of the time taken to complete them.

D. SPECIFIC CHARACTERISTICS OF LOANS

Characteristics of student loans subsidised and/or guaranteed by the State, which were available in 1997/98, vary markedly from one country to another. In analysing them, there are two major considerations, namely the responsibility for interest payments and the conditions governing repayment.

As mentioned at the start of the chapter, public loans for students may be awarded with or without interest payments for which they are responsible. Loan interest paid by students may be either partly state-subsidised and set at a rate less than that of the market rate or, alternatively, simply underwritten by the State. Interest rates borne by students vary from one country to the next. In Luxembourg and Iceland, they are relatively advantageous whereas, in the Netherlands, Sweden and Norway, in 1997, they were greater than 5%. In the United Kingdom, student loan repayments are not interest-bearing, but are increased in relation to inflation using a consumer price index (around 2.7% in 1996/97).

Furthermore, in countries where loans carry interest borne by students, this support may or may not include an interest-free period during the normal duration of their courses. Figure I.2.9 describes the situation in each country from this standpoint, highlighting two major groups of countries. In the first, students pay nothing during their courses, with the State assuming responsibility for all interest-related expenditure. This is the situation in the majority of countries. Naturally, this group also includes countries that award interest-free loans (Germany, France, Italy, the United Kingdom, and Liechtenstein in the case of the majority of students). In the second group, students pay all or some of the interest on their loan while they are still studying. This applies to Denmark, Luxembourg and Finland. These situations are summarised in the table below (Figure I.2.8).

FIGURE I.2.8: INTEREST RATES BORNE BY STUDENTS, AND THEIR OBLIGATIONS IN THIS RESPECT DURING UNDERGRADUATE COURSES, 1997/98

	INTEREST-FREE LOANS	CAPITAL INDEX AND/OR INTEREST RATES LESS THAN 4%	INTEREST RATES EQUAL TO OR GREATER THAN 4%
TOTAL OR PARTIAL REPAYMENT DURING STUDIES		**L**	**FIN**
NO REPAYMENT DURING STUDIES	**D, F, I, LI**	**UK, IS**	**B fr, DK, NL, S, NO**

Source: Eurydice.

Belgium (B nl), Greece, Spain, Ireland and **Austria**: Not applicable.

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FIGURE I.2.9: LOAN INTEREST RATES, AND THE PERSONAL CONTRIBUTION OF STUDENTS TO THEIR PAYMENT DURING UNDERGRADUATE COURSES, 1997/98

	ANNUAL INTEREST RATE	INTEREST PAYMENTS DURING STUDIES
	EUROPEAN UNION	
B fr	4% on the balance remaining due.	None
B nl	(–)	
DK	State loan: After the completion or discontinuation of study, the annual interest rate corresponds to the minimum rate of the Bank with an additional percentage (1% maximum) set each year. In 1997, the annual rate of interest due was 3.25%.	4% interest rate borne by students during their courses.
D	Interest-free loans.	(–)
EL	(–)	
E	(–)	
F	The *prêts d'honneur*: Interest-free loans.	(–)
IRL	(–)	
I	Interest-free loans.	(–)
L	2% borne by the student, and the rest by the State.	Twice a year during studies.
NL	5.67% in 1997.	Interest is charged during the period of study but repayment begins two years after its completion.
A	(–)	
P	(–)	
FIN	Bank interest at the market rate. For loans awarded before 1992, the government annually sets the maximum interest rate that banks can request (6% in 1997; 5.1% in 1998).	Students assume entire responsibility for interest on loans, and automatically receive additional credit from banks to cover such payments during their courses.
S	Interest fixed annually by the government (6% in 1997and 5.4% in 1998).	During their courses, students pay no interest. However, the loan amount to be repaid after the studies are finished increases with the interest, along with additional administrative expenses.
UK	Government Loan Scheme: Interest-free loans Annual adjustment of the capital amount with respect to a consumer price index (2.7% in 1997).	No payment during studies. Repayment starts in the month of April following the end of the period of study or as soon as the minimum income required for repayment is achieved.
	EFTA/EEA	
IS	Maximum interest rate (between 0 and 3%) fixed by the government (1% in 1997). Capital repayment linked directly to the price index and recalculated annually.	Students pay no interest during their courses. Payment begins two years after their completion.
LI	0% if loans are repaid within six years; otherwise, 3.5%.	The State pays all interest during the period of studies.
NO	4.8% in 1997.	The State is responsible for interest payments during the normal period of studies. Students start to pay interest one month after their period of study or the award of support.

Source: Eurydice.

Figure I.2.10 shows, for each country concerned, the main characteristics of loan repayment after the period of study. They include the time allowed for repayment, and the extent to which income or other individual circumstances may affect the terms of repayment.

FIGURE I.2.10: CONDITIONS GOVERNING THE REPAYMENT OF LOAN CAPITAL FOLLOWING UNDERGRADUATE STUDY, 1997/98.

	BEGINNING AND FREQUENCY OF REPAYMENT	REPAYMENT PERIOD	INCOME-RELATED CONDITIONS	SPECIAL PROVISIONS
		EUROPEAN UNION		
B fr	From 1 October of the third or fifth years following the end of secondary education for 'short' and 'long' university courses respectively. From 1 April of the year following discontinuation of studies. Frequency: every six months.	5 years (in ten instalments)	None. A fixed amount for every six months.	A 12% interest rate for failure to pay every 6 months. Advance repayment possible.
B nl	(-)			
DK	State loan: One year after their period of study and or the discontinuation of studies. Frequency: every two months.	A maximum of 15 years.		Possible postponement and or reduction of the debt under special recognised circumstances such as unemployment, illness, maternity, etc.
D	5 years following the maximum normal period for the award of support. Frequency: monthly.	A maximum 20 years in monthly instalments of a minimum fixed amount.	Repayment subject to minimum earnings.	Advance repayment possible.
EL	(-)			
E	(-)			
F	Conditions for the repayment of *prêts d'honneur* are the same everywhere, but the conditions for award vary from one year to another and from one *académie* to another.	Maximum 10 years.	Conditions vary from one académie to another.	Académies have similar conditions but the criteria used vary from one year to another and from one académie to another.
IRL	(-)			
I	One year after the period of study and not before obtaining employment.	A variable period depending on agreements reached between Regions and banks.	The maximum amount due cannot be more than 20% of income.	
L	2 years following the completion or discontinuation of studies. Frequency: monthly.	10 years.		It is possible for the government to extend deadlines and or assume entire or partial responsibility for repayment under exceptional circumstances.
NL	Repayment becomes compulsory after an initial maximum two-year period with effect from the January following the completion or discontinuation of studies. Frequency: monthly.	A maximum 15 years following the initial two-year period.	Repayment is income-related. There is a fixed monthly minimum amount.	If the person concerned is unable to repay an entire loan after 15 years, the debt is cancelled. Where the income is very low the monthly minimum may be lowered with respect to the actual income in question.
A	(-)			
P	(-)			
FIN	Since 1992, the beginning of repayment has been determined by agreements reached between students and the banks.	Since 1992, the state guarantee has been limited to 30 years. Repayment period varies with the banks concerned. For loans awarded before 1992: a 14-year maximum period (twice the normal length of studies) and the frequency is every 6 months.		Assistance with interest payments possible in the case of unemployment, maternity or national service. In case of failure to repay, the State takes over responsibility for reimbursing and collecting bank loans. Under exceptional circumstances (permanent disablement, etc.), the State may assume partial or entire responsibility for reimbursing bank loans.
S	At the earliest, in the January falling at least six months after the period of study and or the award of support. Frequency: monthly, or every three months, as students wish.	No fixed time limit. Variable in accordance with individual ability to repay. Repayment cancelled at the age of 65.	Repayment amounts are income-linked and cannot exceed 4% of income two years earlier.	Postponement where the period of studies is extended. Cancellation in the case of permanent disablement.
UK	From the month of April following the end of studies, solely if the person has an income equal to or greater than the stipulated minimum. Frequency: monthly.	Between 5 and 7 years (maximum). Debts are cancelled after 25 years. Cancellation after the age of 50 for those who completed their courses before the age of 40.	Amounts to be repaid take account of the level of income. With effect from 1998-99, newly enrolled students will repay their loans entirely on the basis of their income after graduation. Repayments will be collected by employers on behalf of the tax authorities and will not begin until gross annual income is over GBP10 000 (PPP ECU 14 320).	Repayment may be postponed if income in the preceding year is less than 85% of the average national income. In the new system starting in 1998-99 for newly enrolled students, repayments will be suspended if gross annual income is less than GBP10 000 (PPP ECU 14 320).

Source: Eurydice.

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FIGURE I.2.10 (CONTINUED): CONDITIONS GOVERNING THE REPAYMENT OF LOAN CAPITAL FOLLOWING UNDERGRADUATE STUDY, 1997/98.

	BEGINNING AND FREQUENCY OF REPAYMENT	REPAYMENT PERIOD	INCOME-RELATED CONDITIONS	SPECIAL PROVISIONS
EFTA/EEA				
IS	2 years following award of the degree. Frequency: every 6 months.	Before 1992: 40 years. Since 1992, there has no longer been a maximum time limit.	The first annual payment is a fixed amount. The second is a supplementary amount dependent on the previous year's income.	Possible exemption from annual repayment in the case of illness, unemployment, extensions to the period of study, prejudicial family circumstances, or insufficient income.
LI	A maximum 3 years after obtaining remunerated employment. Frequency: annual.	A maximum 15 years; most persons repay loans in six years, without any interest.		Annual repayments may be reduced in case of entry into a religious order or formal humanitarian or social commitment.
NO	Ten months after the period of study, or the award of support. Frequency: quarterly.	A maximum 20 years. Usually 15 years.		Exemption from interest payments may be possible in case of illness, increased family responsibilities, unemployment or extensions to the period of study. Postponements are possible in the case of economic hardship and very low incomes.

Source: Eurydice

Repayment of the loan usually begins one or two years after award of the degree, except in Germany where it begins five years later, and in Liechtenstein where it begins at least three years after the borrower has obtained remunerated employment. Payments are, monthly, six-monthly or annual, with a maximum period for repayment laid down in many countries. This period ranges from just five years in the French Community of Belgium and in the United Kingdom, to 20 years in Germany and Norway. There is no maximum period in Sweden or Iceland. Failure to respect the six-monthly repayment schedule in the French Community of Belgium results in a fairly high penalty interest rate.

The amount to be repaid at each deadline depends on the value of the loan, the rate of interest and the length of the period for repayment. Some countries have established a minimum amount, while in others there is a maximum sum. For example, in Italy and Sweden, the amount is income-related and cannot exceed a given percentage currently fixed at 20% and 4% respectively. In Iceland, on the other hand, only part of the amount repaid annually is proportional to income. In most countries, it is possible to defer repayment during national service, and in the case of unemployment, certain family circumstances or where income is considered inadequate. Under exceptional circumstances, the State may also decide to assume temporary responsibility for interest payments, or even to cancel the debt.

Although loan characteristics tend to vary considerably among countries, it is possible to identify links between conditions for the award of loans and their financial characteristics. The interest-free loans offered by countries such as Germany, France, Italy and Liechtenstein are meant for students from low-income families. By contrast, in most of the Nordic countries and the Netherlands, where the vast majority of students are entitled to support and in which loans often constitute a significant proportion of it, interest rates are in general relatively high, though not in Iceland. In these countries, repayment periods tend to be longer reaching 15 years or more, and also reflecting the level of the debt to be repaid.

Long periods for repayment, interest payments borne totally or partially by the State, opportunities for postponement or even the cancellation of debt in cases of recognised need, all help to account for the sometimes heavy financial burden of loans on public expenditure. As will be discussed in Part II, chapter 2, these difficulties, along with the problem of former students in debt, constitute an important economic issue that has been taken into account in the reform of financial support over the last 20 years, as well as in current debate on the introduction of loans.

E. COVERAGE AND THE VALUE OF GRANTS AND LOANS

E.1. COVERAGE

In Figure I.2.11 indicating the percentage of students in receipt of support among the total number on undergraduate courses, grants and loans are shown separately. In most countries, the two kinds of support may be awarded jointly, and some students receive them. The total percentage of students supported cannot therefore be calculated by simply adding the two figures together. However, in Germany, the combination of a loan and a grant in equal amounts is compulsory. The number of students obtaining a loan thus corresponds to the number of those who have received a grant. Another exception is France where loans are only available to students who do not hold a grant.

In the preparation of Figure I.2.11, students awarded support have as far as possible been grouped together with all students who satisfy the general requirements for entitlement to it – and particularly the condition that they should study full-time where required and be on undergraduate courses.

FIGURE I.2.11: PERCENTAGE OF FULL-TIME UNDERGRADUATE STUDENTS RECEIVING GRANTS OR LOANS, 1995/96.

Source: Eurydice

Belgium (B fr, B nl): Only grants awarded by the Communities.
Germany: Only support awarded under the BAfoG. It is received as an integrated package with half in the form of a grant and half as an interest-free loan.
Greece: The AEI and TEI.
France: Only grants awarded on the basis of social criteria (academic grants awarded in accordance with social and university criteria are excluded, as are those for the preparation of competitive examinations for the civil service).
Ireland: Only university students, including postgraduates.
Italy: Government has planned for a regular increase in the number of grants for the period 1997-2000. In 1998/99, the proportion rose to 6%, with 8% forecast for the year 1999/2000.
Netherlands: Students receiving basic grants only. For non-university higher education, part-time students are included in the total student population.
Austria: Students at universities, Fine Art Colleges (Fine Art Universities since 1998) and *Fachhochschulen*.
Portugal: Given that student grants in the private and 'cooperative' sectors have only been fully available since 1996/97 (the first year in which over 1% of these students received support), the statistics for Portugal cover public-sector higher education only. Students on higher education courses at Polytechnic institutions are included, with the exception of those on *Cursos de Estudos Superiores Especializados* (CESE) which last for one or two years following the *Bacharelato*. The latter account for around 3% of all students.
Finland: University students.
United Kingdom: In England and Wales, mandatory awards are granted by the Local Education Authorities (LEAs), in Northern Ireland by the Education and Library Boards (ELBs) and, in Scotland, by the Student Awards Agency for Scotland (SAAS).
Iceland and **Liechtenstein**: Including students abroad and postgraduates.

EXPLANATORY NOTE

Unless otherwise indicated, the ratios are obtained by dividing the number of full-time students receiving support in the form of, respectively, a grant and/or a loan, by the total number of full-time undergraduates in higher education. Students on undergraduate courses who are not (or no longer) entitled to normal support for economic reasons, or as a result of unsatisfactory academic performance or other circumstances, are included in the total population.

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Two main groups of countries may be distinguished in Figure I.2.11, namely those that target their support at a small proportion of students, generally from families with fewer resources, and those that award financial assistance to most students. The Nordic countries, the Netherlands (in the case of the basic grant), Ireland and the United Kingdom belong to this second group which, Ireland apart, also includes countries in which loans are an important part of the support system. On the other hand, countries mainly offering grants tend to support a smaller proportion of students (under 25%). Germany constitutes an exception in this group in which coverage is less extensive, since support is in the form of a single package with an equivalent share of grant and loan elements. It should also be noted that, in some countries, as in the case of the French Community of Belgium, France and Italy, the number of students who receive a loan is so low as to be almost negligible.

E.2. AMOUNTS OF SUPPORT

The maximum individual amounts of grants and/or loans are generally meant to cover the cost of subsistence during the period of study (10 months a year) or all 12 months in the year, textbooks and other study materials, accommodation expenses if students no longer live with their parents and travel expenses if they study abroad. Additional sums may also be awarded to students who have parental responsibilities or are disabled. There is a maximum amount of support, sometimes equal to the minimum wage, which cannot be exceeded, except in Iceland where there is no upper ceiling on loans. In the French Community of Belgium, Greece, Italy (until 1998/99), Austria and Finland, where student support is not automatically adjusted each year in relation to the rise in the cost of living, it may become insufficient to satisfy all normal student requirements. In Austria, however, the grant is adjusted to take account of inflation every two or three years.

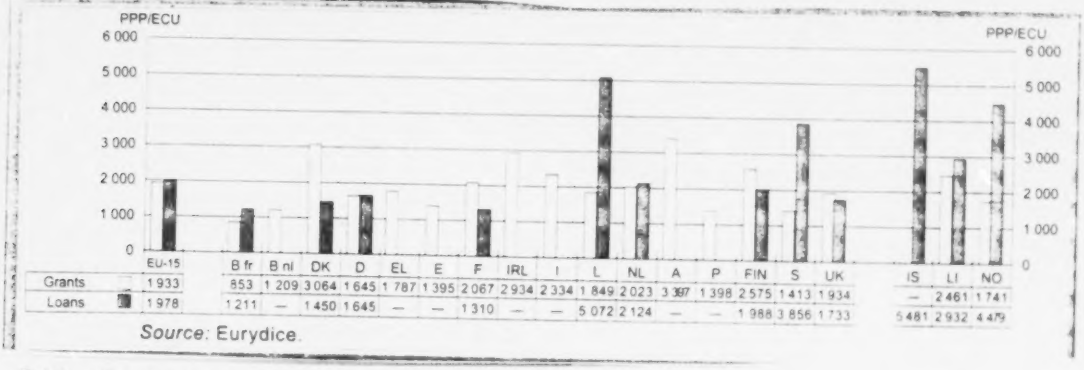
Given the major variations in the amounts awarded to individual students, in accordance with different criteria, such as income, place of residence and the year of study, not all possible patterns of support can be indicated in detail. For this reason, it has only been possible to calculate a single average amount based on total public-sector expenditure by the number of those receiving support. This is shown in Figure I.2.12.

Depending on the country concerned, the average provides a more or less reliable indication of what the typical student beneficiary receives. In Spain, in particular, the average is distorted by the fact that, among the recipients, the great majority have obtained relatively little support for textbooks or the repayment of tuition fees, while only a very small proportion (15%) have had a subsistence grant. In the Netherlands, the average amount includes not only the basic grant received by the great majority of students, but also supplementary grant amounts awarded to just under a third (31%). In France, where loans are awarded by the *Rectorats*, their real amounts may vary considerably on either side of the average as given.

Furthermore, in some countries – Luxembourg, the Netherlands, Portugal, the United Kingdom, Iceland and Liechtenstein – the average amounts of student support awarded to students in 1995/96 also included the payment of tuition fees. However, as already indicated in Chapter 1, major variations exist between countries in the amount paid in tuition fees by the students who are supported.

The average value of support tends to be lower in countries where it is not meant to cover the entire cost of living (Belgium, Greece, Spain, France and Portugal). Germany constitutes an exception, because of the equivalence of the average grant and loan amounts, which is itself attributable to the compulsory principle of a single integrated package. On the other hand, levels of support tend to be relatively higher in countries where there is a combined system of grants and loans. Among them, differences may be observed in the relative scale of the grant compared to the loan. Thus in Denmark and Finland, the average grant amount is substantially higher than that of loans. When awards are calculated in both countries, the grant share accounts for over half of the support, so that students take out smaller loans. The opposite applies to Sweden, Norway and, to a lesser extent Liechtenstein. In the case of Sweden and Norway, the grant proportion fixed in the conditions for award is less than a third of total support. Students who need to supplement their grants therefore borrow higher amounts.

FIGURE I.2.12: AVERAGE ANNUAL AMOUNTS OF GRANTS AND LOANS BY STUDENT BENEFICIARY (IN PPP/ECU), 1995/96



	EU-15	B fr	B nl	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	IS	LI	NO
Grants	1 933	853	1 209	3 064	1 645	1 787	1 395	2 067	2 934	2 334	1 849	2 023	3 397	1 398	2 575	1 413	1 934	—	2 461	1 741
Loans	1 978	1 211	—	1 450	1 645	—	—	1 310	—	—	5 072	2 124	—	—	1 988	3 856	1 733	5 481	2 932	4 479

Source: Eurydice.

Belgium (B fr, B nl): Only grants awarded by the Communities.
Germany: Only support awarded under the BAfoG. This support is in integrated form with half of it as a grant, the other half as an interest-free loan.
Greece: The AEI and TEI.
France: Only grants awarded on the basis of social criteria (academic grants awarded on the basis of social and university criteria (CROUS) are excluded, as are those for the preparation of competitive examinations for the civil service).
Ireland: Only university students, including postgraduates. Grant amounts include all grants, scholarships, awards and fees.
Italy: Because there are very few loans, the amounts have not been calculated.
Luxembourg and **Norway**: 1996/97 data.
Netherlands: The average amount of loans is calculated with respect to the loans actually awarded.
Austria: Students at universities, Fine Art Colleges (Fine Art Universities since 1998) and *Fachhochschulen*.
Portugal: Given that student grants in the private and 'cooperative' sectors have only been fully available since 1996/97 (the first year in which over 1% of these students received support), the statistics for Portugal cover public-sector higher education only. Students on higher education courses at Polytechnic institutions are included, with the exception of those on *Cursos de Estudos Superiores Especializados* (CESE) which last for one or two years following the *Bacharelato*. The latter account for around 3% of all students.
Finland: The average amounts of loans given are from the statistics of the Centre for Student Financial Aid (KELA), and refer to university students in receipt of ordinary study support in 1995/96.
United Kingdom: In England and Wales, mandatory awards are granted by the Local Education Authorities (LEAs), in Northern Ireland by the Education and Library Boards (ELBs) and, in Scotland, by the Student Awards Agency for Scotland (SAAS).
Iceland and **Liechtenstein**: Including students abroad and postgraduates.

EXPLANATORY NOTE

The ratios are obtained by dividing the total amount awarded in grants and loans respectively, by the number of students receiving support in the form of each.

The average value of student loans is particularly high in Iceland. This is partly because there is no fixed upper limit on loan amounts, and also because of the large number of students abroad who receive additional assistance for their travel expenses, possible registration fees and accommodation expenses.

Finally, as will be shown in the contextual analysis in Part II, reductions in state contributions to loan interest payments in several countries tend to discourage students from taking out loans, and lead them to borrow less than the maximum amount to which they are entitled.

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F. SUMMARY

In considering as a whole the main characteristics of different systems of support in the form of grants and/or loans as examined above, several groups of countries may be distinguished mainly in terms of the coverage of support, the existence of loans and, finally, the effect of family income on support (particularly grants). In this latter respect, parents are expected to help support their children when students if their income enables them to do so. The maximum amount of support is thus intended for families with fewer resources, and the number of students assisted is smaller. In other systems, only students' own incomes, as well as those of their spouses in certain instances, are taken into account once they are above a specified earnings threshold, with the result that nearly all students are able to benefit from financial support.

FIGURE I.2.13: CLASSIFICATION OF COUNTRIES IN TERMS OF THE COVERAGE OF GRANT AND/OR LOAN SUPPORT, AND STUDENT DEPENDENCE ON FAMILY INCOME, 1997/98

	LIMITED COVERAGE		BROAD COVERAGE	
	GRANTS	GRANTS AND LOANS	GRANTS AND/OR LOANS	LOANS
DEPENDENCE ON PARENTAL INCOME	**B, EL, E, F, I, NL** (supplementary grant), **A, P**	**D**	**IRL, UK** (grant), **LI**	
NO DEPENDENCE ON PARENTAL INCOME			**DK, NL** (basic grant and loan), **FIN, S, NO**	**UK, IS**

Source: Eurydice

The first group consists of countries in which parents are supposed to help their children when students, and in which the coverage of financial assistance paid directly to students is limited, applying to less than a quarter of them. The least extensive coverage is in Greece and Italy in each of which only around 3% of students are supported. The students themselves are not supposed to contribute to the financing of their studies by borrowing money. Few of the countries concerned offer loans, except Germany where the support is in equal grant and loan proportions. As will be explained in Part I, chapter 3, support to students – which is targeted with respect to their family income – goes hand in hand with family or tax allowances for most parents of students, except in the Netherlands, where the supplementary grant allocated on a limited basis is offset by the basic grant awarded to the great majority of students.

In the second group, coverage is broader, although parents are also supposed to contribute to financing the cost of living of their children. This is reflected in the existence of grants whose amount depends on family income. In Ireland and the United Kingdom, however, there are no longer deductions or benefits for families with the aim of offsetting this contribution once their (student) children are aged over 18. Furthermore, recognition that each student should contribute to the financing of his or her own studies has led to the introduction of loans as an element of support in the United Kingdom.

The third group consists mainly of the Nordic countries and the Netherlands (for the basic grant), in which students are considered to be financially independent. Parents receive no government deductions or benefits for their student children (see Part I, chapter 3), and family incomes are not taken into account in determining student entitlement to support. In Iceland, only the incomes of the spouses of students, where applicable, are taken into consideration. Thus the great majority of students receive substantial financial state support. In these countries, loans account for a significant proportion of it.

CHAPTER 3
CASH BENEFITS AVAILABLE TO FAMILIES WITH STUDENT CHILDREN

All Member States of the European Union and the EFTA/EEA countries have introduced systems of provision in terms of cash benefits and/or tax relief to cover part of the cost borne by parents in bringing up their children. These systems do not necessarily reflect the same intentions on the part of the respective governments, and there is not generally any direct connection between the overall amounts provided and the real cost of rearing children. They are nonetheless proof of a political will to associate collective responsibility with family responsibility in relation to the upbringing of children and the costs arising therefrom.

A fair number of countries stop this form of cash support for families either at the end of the child's compulsory education or when the child reaches the age of 18, i.e. the age of entry to higher education. Some, on the other hand, continue it, attaching additional conditions and/or altering the amounts involved.

This support may take the form of either direct payments to the families of students (in family allowances) or decreased amounts paid by families to the public authorities (equivalent to a tax savings). In the first case, families receive a greater amount of money from the State whereas, in the second, they pay less to it.

It should be noted that, while arrangements for family allowances are in general fairly similar in the various countries, tax relief may assume different forms, including tax allowances, tax exemptions, tax credits, and systems of increasing points as a basis for the calculation of relief.

This chapter describes the various forms of tax relief for dependent persons and the family allowances relating to the student population covered by this study, and attempts to evaluate their significance.

Support in the form of family allowances or tax relief is awarded, respectively, to all parents of young children and all parents who are taxpayers, including, therefore, students who are themselves parents. In this case, it goes to them in their capacity as parents, rather than as students, and is not awarded to them alone. For this reason, it will be considered no further here.

A. TAX RELIEF FOR DEPENDENT STUDENT CHILDREN

A.1. Definition of Techniques

Tax systems can incorporate various provisions, all of them tantamount to a form of financial support for students or the persons who provide for them. These provisions are not mutually exclusive.

A.1.1. Types of tax relief

Tax allowances and exemptions for dependent children

Income tax is generally calculated in accordance with the taxable capacity of the individual, i.e. on the basis of some assessment of the income available.

Taxable capacity is different from gross income because part of the latter is used to acquire goods essential to existence, and governments have decided that it should not be taken into account in assessing the means available to the taxpayer on which tax can be levied. Taxable income (i.e. the amount used as the basis on which tax is calculated) is therefore assessed by eliminating from gross income a number of charges regarded as inevitable or essential.

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This is achieved either by means of a tax allowance, which involves reducing gross income by a certain amount, or through increasing by a certain amount the income levels at which the taxpayer passes from one tax rate to another. This second method is generally used to take account of expenses confronting all taxpayers, whereas the technique of tax allowances is used more in relation to expenses with which only certain categories of taxpayer are involved.

In certain countries, governments have recognised that having a child in higher education constitutes a charge justifying a reduction of taxable income by a certain amount to take account of the expense that maintaining such a child represents.

Taxpayers subtract a certain amount from their gross income, their taxable income is reduced and the tax payable is consequently less. They thus effect a saving which, without being a visible transfer from public funds to students (or to students' families), is nonetheless a form of financial support for students. Tax exemption is the same operation, except that it affects one or more initial income bands, rather than the highest, without altering the points in the scale of gross income at which there is a transition from one tax rate to the next.

Given that income tax is progressive[1], rates of taxation rise with the transition from one income band to the next. Consequently, a lump sum tax allowance does not represent equivalent support for all taxpayers, since those with the highest incomes secure a greater tax savings. This phenomenon does not occur in the case of tax exemptions because the initial income bands are the same for everyone, so that two households with the same number of dependent children achieve the same tax savings.

Increase in the number of tax portions, decrease in the rate of taxation

Taxpayers are entitled to increase the number of their 'tax portions' by a certain number of points for every person dependent on them (including their children and, in some cases, parents). They then divide their taxable income (i.e. gross income less total deductions) by this number of portions. The result is the family quotient *(quotient familial)* which directly determines the average rate of taxation. In a tax system based on proportional assessment, all other things being equal, the greater the number of portions, the lower the family quotient and, with it, the average rate of taxation and the tax payable.

An alternative approach, similar to the foregoing, is to make taxable income subject to a different rate of taxation in accordance with the number of the taxpayer's dependants (calculating this rate with respect to the different rates applicable in income-related progressive taxation). Thus, the greater the number of children dependent on the taxpayer, the lower the rate of taxation and, consequently, the lower the actual tax due, assuming all other parameters are held constant.

Tax credits

A tax credit is a sum of money that the taxpayer is allowed to deduct from the amount of tax payable. As a rule, this sum is not income dependent. In some cases, where the taxpayer's income is below the tax threshold, or the amount of tax payable is less than that of the credit, a direct cash transfer can be made to the taxpayer.

The tax credit system is an attempt to remedy the apparently anti-redistributive/regressive nature of tax allowances.

Although their origins are quite separate, tax credits (awarded simply by means of a tax reduction, as opposed to a direct transfer) are closer in their effects to outright grants than to traditional tax allowances.

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[1] The great majority – if not all – European tax systems are progressive in the sense that the proportion of taxable income taken by the government increases as income increases.

Each successive band of income attracts a higher rate of tax. Thus, logically, for any tax allowance granted, the tax saving will be greater, the higher the level of taxable income.

The table below, using fictitious figures, illustrates this:

Taxpayer	Gross income (in ECU)	Marginal tax rate	Tax saving (in ECU) resulting from a deduction of ECU 300
A	10 000	20%	60
B	40 000	60%	180

Taxpayer B has a substantially higher income than A and therefore has a higher marginal rate of tax. Consequently, the same reduction in taxable income will result in a greater tax saving for B than for A although A has the lower income.

A.1.2. Lump sum amounts or amounts based on real expenditure

Lump sum amounts

Tax allowances and exemptions and also lump sum tax credits consist of statutorily defined amounts considered to be approximately equivalent to the expense actually incurred by the taxpayer. This involves fixing a sum, which is the same for all taxpayers, whatever their actual expenditure. The amount of this sum may nevertheless vary according to how many children in the family are in higher education.

Amounts based on real expenditure

The tax allowance or tax credit based on actual expenditure involves an obligation on the taxpayer to provide supporting documentation in relation to certain specific expenditure. Here, taxpayers are allowed to deduct from their taxable income, or tax payable, all or part of the expenses necessarily incurred in the education of persons who are their dependants. The amounts deducted will depend on actual expenditure on the basis of receipts supplied as proof of purchases. It follows that, the greater the outlay of taxpayers for their children, the greater will be the amount of the tax allowances, exemptions or credits and, by the same token, the greater the level of support [1].

A.2. Conditions of Eligibility

The tax authorities restrict the possibilities of tax relief to certain families, according to conditions related to their student dependants.

In all the countries under consideration, the requirement for a student's income to be below a set level is a minimum condition in order to qualify as a dependant. This level is fixed according to criteria that vary from country to country. In addition to this common feature, further restrictions may be applied, as shown in Figure I.3.1. The most common condition is an age limit, but some countries have stricter conditions. Moreover, all the conditions laid down must be met at the same time for the taxpayer to be eligible for the tax benefits.

Figure I.3.1 provides a summary of this information for the countries concerned.

Spain also imposes conditions on taxpayers. They must be resident on Spanish territory and have gross annual income equal to or above ESP 1 100 000 (PPP/ECU 8 203).

[1] It should be noted that tax allowances calculated on the basis of actual expenditure have a doubly anti-redistributive effect. The first is the same as that explained in the previous footnote, resulting from the progressive nature of taxation, while the second stems from the fact that better-off families spend more of their resources on bringing up their children than less well-off families, so that they obtain a larger deduction than that received by the latter. This effect is admittedly partly cancelled out by the ceiling on the amount of expenses that can be deducted.

FIGURE I.3.1: CONDITIONS TO BE MET BY STUDENTS IN HIGHER EDUCATION TO ENABLE THE TAXPAYERS ON WHOM THEY ARE DEPENDENT TO QUALIFY FOR TAX ALLOWANCES/EXEMPTIONS OR TAX CREDITS, 1997

	CONDITIONS REGARDING DEPENDENT STUDENTS
	EUROPEAN UNION
B	• Be part of a household on 1 January of the tax year. • Not have a personal income above a certain ceiling.
D	• Be under 27 years old.
EL	• Be under 25 years old. • Be registered in a recognised institution, in Greece or abroad.
E	• Be under 30 years old. • Be the child or grandchild of the taxpayer or his/her spouse. • Be single. • Be living at home with the taxpayer. • Income in the previous year not to have exceeded ESP 908 880 (PPP/ECU 6 778).
F	• Be under 25 years old.
I	• Be under 26 years old. • Income in the previous year not to have exceeded ITL 5 500 000 (PPP/ECU 3 205).
L	• Be under 27 years old, except in the case of medical courses.
A	• Be under 26 years old. • Income in the previous year not to have exceeded ATS 3 740 (PPP/ECU 254) a month (with the exception of holiday months, for which there is no income ceiling). • Have been registered in higher education for not more than a year longer than the normal duration of the course.
P	• Be under 25 years old. • Be the child, stepchild or adopted child of the taxpayer. • Income in the previous year not to have been above the national minimum salary. • Not be regarded as an independent taxpayer.
	EFTA/EEA
LI	• Be a descendant of the taxpayer.

Source: Eurydice

Denmark, **Netherlands**, **Finland**, **Sweden**, **United Kingdom**, **Iceland** and **Norway**: Not applicable.
Spain: 1996 data.
Ireland: Tax relief exists for some students enrolled in private institutions and for part-time students, but they are a minority.
Italy: Data for the period prior to 31 December 1997. Since 1 January 1998, the conditions have been as follows: the student should be a child of the taxpayer and living with him or her or, irrespective of age, be receiving an allowance from the taxpayer, and have an annual income of less than ITL 5 500 000 (PPP/ECU 3 205).

EXPLANATORY NOTE

For the conversion of national currencies into PPP/ECU, see the definition of statistical tools at the beginning of the volume.

A.3. METHODS OF APPLICATION

Bringing together the points described in section A.1. above, Figure I.3.2 sets out the systems adopted by the various countries.

FIGURE I.3.2: PRESENTATION OF THE TAX SYSTEMS IN TERMS OF THEIR MAIN FEATURES, 1997

	TAX ALLOWANCES	TAX EXEMPTION	TAX CREDIT	INCREASE IN NUMBER OF TAX PORTIONS; DECREASE IN THE RATE OF TAXATION	NO TAX MEASURES IN FAVOUR OF STUDENTS IN HIGHER EDUCATION OR THOSE ON WHOM THEY ARE DEPENDENT
LUMP SUM	D, EL, LI	B	E, F, I, A, P	F, L	
ACTUAL EXPENDITURE	I, P				
NO MEASURES					DK, NL, FIN, S, UK, IS, NO

Source: Eurydice

Ireland: Tax relief exists for some students enrolled in private institutions and for part-time students, but they are a minority.

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Within the same category of tax relief, it is possible to find systems that vary considerably in the way they are applied. The information in Figure I.3.2 calls for a presentation in greater detail of the tax measures in force in the various countries.

The income tax laws in the five Nordic countries, the Netherlands and the United Kingdom, do not provide for any reduction in the tax payable by taxpayers with a dependent child in higher education. This is because young people in these countries are treated as financially independent when they attain the age of majority. Since this age of financial independence generally coincides with that of entry to higher education, there are no longer tax arrangements providing relief for parents of students in higher education.

However, the financial independence of students is not total in the Netherlands, where the award and amount of the supplementary grant are dependent on parental income, although this relative dependence does not apply in the tax context. Tax allowances, exemptions or credits are not provided, except in the case of parents of the minority of students who do not receive the basic state support.

Neither is financial independence total in the United Kingdom until the age of 25. In practice, parental income is taken into account in the award of grants up to that age and, in Scotland, parents are obliged to provide financially for their student children until they reach it. There is, however, no longer any possibility of support through the tax system as defined.

The Irish tax system does not provide for tax allowances in respect of dependent student children in higher education, but it does have regard for the particular case of students in private colleges and part-time students who have to pay tuition fees. In such instances, tax exemption may be requested at the standard rate of taxation up to a limit of PPP/ECU 3428, in which case the tuition fees can be deducted from the parents' taxable income. It should be borne in mind that the vast majority of students are not affected by this exception to the rule (see Part I, chapter 1 on tuition fees), so this point will not be pursued further. For the same reason, in the remainder of this section, Ireland will be included amongst the countries that do not pay cash benefits to students' parents.

In Belgium, the person responsible for a student in higher education can deduct a lump sum allowance from his or her gross income. This sum varies according to the number of children for whom the taxpayer is responsible. Belgium has opted for the principle of tax exemption which eliminates the anti-redistributive/regressive effect usually associated with tax allowances. In addition, family allowances in Belgium are not included under taxable income. The additional deduction of mortgage interest is also increased by 5% for one dependent child, 10% for two, 20% for three and 30% for four or more dependent children. This tax provision is not, however, examined further in this study. Finally, while the concept of dependent child is not linked to student status, in practice it can be applied only to students, the young unemployed during the period in which they await unemployment benefit, and disabled persons.

In Germany, the systems of family allowances and of tax allowances are inseparable, and have to be appropriately coordinated. Family allowances (*Kindergeld* – see section B in this chapter) are paid monthly throughout the year, and are normally exempt from tax[1]. If income is very high, this particular tax exemption is replaced by the deduction of an income-related amount known as the *Kinderfreibetrag*. When the level of tax is being fixed, the authorities work out the more advantageous formula for the taxpayer between the deduction of *Kindergeld* and that of the *Kinderfreibetrag*, and apply it to determine the amount of tax due. Moreover, the German taxpayer is allowed to deduct an additional amount (the *Ausbildungsfreibetrag*) for every student child, over and above the *Kindergeld* or *Kinderfreibetrag*.

In Greece, tax allowances are granted in respect of dependent children under 25 years old who are students in a recognised institution in Greece or abroad.

In Spain, tax allowances are available, under certain conditions, for dependants up to the age of 30, whether they are students or not.

[1] They are included in gross income and then deducted from it, which is equivalent to excluding them from taxable income.

In France, students can choose whether they wish to be assimilated into their parents' family for tax purposes or treated independently.

- In the first situation in which, for tax purposes, students belong to the household of their parents, tax is calculated at three levels:
  - ⇒ the number of tax portions is increased by half a point for each of the taxpayer's first two dependants and by one point for each additional dependant, resulting in a reduction in the average rate of taxation;
  - ⇒ the increase in the number of portions also enables the amount of tax payable to be reduced by a greater amount;
  - ⇒ an additional tax credit is granted depending on the number of dependants following courses of higher education.
- In the second situation, in which the student is independent for tax purposes, the parents are entitled to deduct from their taxable income the amount of the allowance they pay to their student child.

Italy has a mixed system, combining a lump sum tax credit with a tax allowance for actual expenditure. The expenditure eligible for this tax allowance consists of tuition fees for university and specialised courses (on production of receipts kept by the taxpayer). Only 22% of total expenditure can be deducted (19% since 1 January 1998). In private institutions, these amounts have to correspond to amounts payable in comparable public-sector institutions.

In Portugal, the amount to be deducted corresponds to total actual expenditure up to a certain annually established ceiling. It is determined on the basis of written evidence testifying to the educational expenditure entailed. In addition to this allowance, tax legislation also provides for reducing the tax payable by a certain amount (tax credit) with respect to the number of dependants. Students are not alone in benefiting from this measure, and for this reason it will not be examined in further detail. It should, however, be mentioned that Portugal has opted for a system of tax credits, instead of allowances, since 1 January 1999.

The *Kinderabsetzbetrag* in Austria (or the *Unterhaltsabsetzbetrag* in the case of children of unmarried parents or those of couples who are separated) is equivalent to a tax credit that can be converted into a net receipt (i.e. a direct financial transfer) for parents whose income is below the income tax threshold. Moreover, exceptional expenditure can be deducted from taxable income if students are enrolled on courses of study more than 80 kilometres from where they live, for which there is no equivalent locally. Where a dependent child studies abroad, a tax allowance for exceptional expenditure is authorised. Known as the *Außergewöhnliche Belastung*, it concerns only a minority of students and is not discussed in detail here. This form of support corresponds to 14% of all family cash allowances.

A.4. Levels of allowances and tax credits

Where tax allowances are granted, the 'tax savings' made by taxpayers vary according to the system in operation, depending on the number of dependent children and/or the level of income of the taxpayer.

In the case of tax credits, the amount of the credit also varies according to the number of dependent children.

Figure I.3.3 sets out succinctly, and without going into the technical details of the tax system, the amounts involved under the laws relating to allowances and tax credits for dependent children.

FIGURE I.3.3: ANNUAL AMOUNTS OF TAX RELIEF, 1997

	AMOUNT OF THE TAX ALLOWANCE, EXEMPTION AND/OR TAX CREDIT
	EUROPEAN UNION
B	Tax allowances for dependent children equal to: • BEF 43 000 (PPP/ECU 1 066) for the first dependent child. • BEF 110 000 (PPP/ECU 2 727) for two dependent children. • BEF 249 000 (PPP/ECU 6 173) for three dependent children. • BEF 402 000 (PPP/ECU 9 965) for four dependent children. • BEF 153 000 (PPP/ECU 3 793) additional for every additional child after the fourth.
D	• A flat-rate amount of DEM 4 200 (PPP/ECU 1 911) (*Ausbildungsfreibetrag*) is deductible. In addition, the tax authorities choose for the taxpayer the more advantageous formula between the award of the *Kindergeld* and the deduction of the *Kinderfreibetrag*. Whether the *Kindergeld* (whose amounts are indicated in the next section) or the *Kinderfreibetrag* is chosen depends on the taxpayer's level of income.
EL	Tax allowances equal to: • GRD 25 000 (PPP/ECU 108) for each of the first two children. • GRD 35 000 (PPP/ECU 151) for the third child. • GRD 45 000 (PPP/ECU 194) for the fourth child and each of any following children.
E	Tax credit per dependent child of: • ESP 21 500 (PPP/ECU 160) for each of the first two children. • ESP 26 000 (PPP/ECU 194) for the third child. • ESP 31 000 (PPP/ECU 231) for the fourth child and subsequent children.
F	• Family quotient *(quotient familial)* increased by half a point. • Tax allowance of FRF1 200 (PPP/ECU 169) per child.
I	• The tax credit for dependent children is ITL 94 437 (PPP/ECU 55) per child and per parent (ITL 188 874 or PPP/ECU 110, if only one parent is a taxpayer). • The tax allowance for educational expenditure is limited to 22% of the eligible educational expenditure (19% since 1 January 1998). In private institutions, a ceiling equivalent to the level of tuition fees charged in similar public-sector institutions is imposed.
A	*Kinderabsetzbetrag* or *Unterhaltsabsetzbetrag*: • ATS 4 200 (PPP/ECU 285) for the first child. • ATS 6 300 (PPP/ECU 428) for the second child. • ATS 8 400 (PPP/ECU 571) for each additional child. Tax allowance for child studying abroad: ATS 1 500 (PPP/ECU 102) per month.
P	The amount deductible is established by presenting documents confirming the educational expenditure. The maximum amount of the tax allowances for educational expenditure varies according to the marital status of the taxpayers and is unrelated to the number of dependants in the household: • Married: PTE 319 000 (PPP/ECU 2 404). • Not married: PTE 159 000 (PPP/ECU 1 198). These amounts are increased to PTE 365 000 and 183 000 (PPP/ECU 2 751 or 1379) respectively, when the difference results from the payment of annual registration fees for courses in higher education institutions.
	EFTA/EEA
LI	Tax allowance of CHF 4 000 (PPP/ECU 1 810) per child.

Source: Eurydice.

Belgium: It should be noted that family allowances are not included in taxable income.

Denmark, Ireland, Netherlands, Finland, Sweden, United Kingdom, Iceland and **Norway**: Not applicable.

Greece, Austria and **Portugal**: 1996 figures.

Spain: 1996 figures. There are also allowances for children who are not students.

Italy: Figures for the period prior to 31 December 1997. Since 1 January 1998, the tax credit provided for dependent children has been ITL 168 000 (PPP/ECU 98) per child and per parent (ITL 336 000, or PPP/ECU 196, if only one parent is regarded as a taxpayer). The amounts are increased for children who have just one of their two parents, or are recognised by only one of them.

Luxembourg: Luxembourg applies the system of a decreasing rate of taxation for taxpayers with one or more dependent children.

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A.5. TAX SAVINGS AS A FAMILY BENEFIT

It should be recalled that the 'tax saving', which is considered as the true support given to the student's family, is not always equal to the amounts shown in Figure I.3.3. The tax allowance is in fact the amount the taxpayer subtracts from total income before tax is calculated on it, and not the reduction in tax payable.

In the case of tax allowances, calculation of the tax saving requires considerable knowledge of the tax system and in particular of the marginal tax rates in operation. In the case of tax exemptions, it is important to know the rates of tax applicable to the bottom bands of income. In the case of tax credits, the saving to the taxpayer is equal to the tax credit.

FIGURE I.3.4: TAX SAVINGS AS A FAMILY BENEFIT, 1997

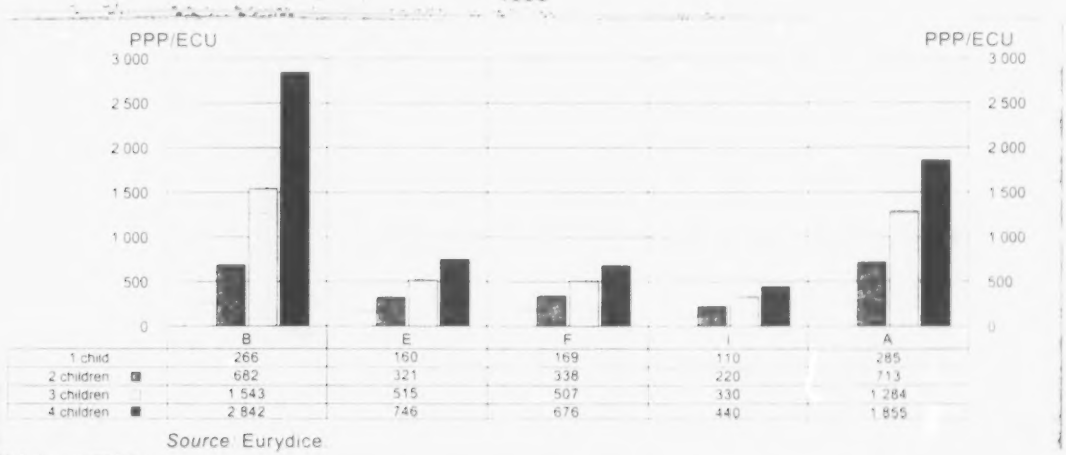
	TAX SAVING
	EUROPEAN UNION
B	• 1 child: BEF 10 750 (PPP/ECU 266) • 2 children: BEF 27 500 (PPP/ECU 682) • 3 children BEF 62 250 (PPP/ECU 1 543) • 4 children BEF 114 650 (PPP/ECU 2 842) • subsequent children: BEF 65 050 (PPP/ECU 1 613) for the fifth child, and BEF 68 850 (PPP/ECU 1 707) for each of the following children
D	Depends on taxpayer's taxable income.
EL	Depends on taxpayer's taxable income.
E	• 1 child: ESP 21 500 (PPP/ECU 160) • 2 children: ESP 43 000 (PPP/ECU 321) • 3 children: ESP 69 000 (PPP/ECU 515) • 4 children: ESP 100 000(PPP/ECU 746) • per additional child: ESP 31 000 (PPP/ECU 231)
F	Depends on taxpayer's taxable income. Maximum FRF 16 200 (PPP/ECU 2 274) for all children together.
I	• 1 child: ITL 188 874 (PPP/ECU 110) • 2 children: ITL 377 748 (PPP/ECU 220) • 3 children: ITL 566 622 (PPP/ECU 330) • 4 children: ITL 755 496 (PPP/ECU 440) • per additional child: ITL 188 874 (PPP/ECU 110)
L	Depends on taxpayer's taxable income. Maximum per child: LUF 48 000 (PPP/ECU 1 115)
A	*Kinderabsetzbetrag* or *Unterhaltsabsetzbetrag* • 1 child: ATS 4 200 (PPP/ECU 285) • 2 children: ATS 10 500 (PPP/ECU 713) • 3 children: ATS 18 900 (PPP/ECU 1 284) • 4 children: ATS 27 300 (PPP/ECU 1 855) • per additional child: ATS 8 400 (PPP/ECU 571) Tax allowance for child studying abroad Depends on taxpayer's marginal rate of taxation.
P	Depends on taxpayer's taxable income.
	EFTA/EEA
LI	Depends on taxpayer's taxable income.

Source: Eurydice.

Denmark, Ireland, Netherlands, Finland, Sweden, United Kingdom, Iceland and **Norway**: Not applicable.
Spain: 1996 figures. Tax credit only. Tax allowances are also granted in respect of children and young people who are not students.
Italy: Tax credit only; total value for both parents. From 1 January 1998: ITL 336 000 (PPP/ECU 196) per child.
Austria: 1996 figures.

Figure I.3.5 sets out these amounts in relation to the numbers of dependent children. Its presentation in this form has, of course, only been possible for those countries in which tax savings are independent of the taxpayer's income. It clearly reveals that the order of magnitude of tax relief for the families of students is very different from one country to the next. Belgium and Austria provide greater tax savings than Spain, France and Italy. Moreover, the progressiveness of this support as the number of children increases is also very different from country to country: Spain, France and Italy grant equal or almost equal amounts per child, whereas Belgium and Austria reveal a pattern marked by a steep progression in the amounts.

FIGURE I.3.5: TAX SAVINGS (IN PPP/ECU) ACCORDING TO THE NUMBER OF DEPENDENT CHILDREN, 1995



	B	E	F	I	A
1 child	266	160	169	110	285
2 children	682	321	338	220	713
3 children	1 543	515	507	330	1 284
4 children	2 842	746	676	440	1 855

Source: Eurydice.

Belgium: 1997 figures.
Denmark, Ireland, Netherlands, Finland, Sweden, United Kingdom, Iceland and **Norway**: Not applicable.
France: Additional tax credit only.
Italy: Tax credit only.

B. FAMILY ALLOWANCES

Family allowances take the form of a sum of money paid by the government to parents of children (or guardians, or in some cases to the students themselves) as a contribution from public funds towards the costs of their upbringing.

These are cash benefits which are not specific to students in higher education. This study will deal only with allowances made for students in higher education.

There are two very distinct policies in the Member States of the European Union and the EFTA/EEA countries as regards family allowances in respect of students in higher education – certain countries continue to pay them after the age of 18, while others do not.

It is in the main Denmark, Spain, Italy, the Netherlands, Finland, Sweden, the United Kingdom, Iceland, Liechtenstein and Norway, that stop paying family allowances in respect of students in higher education. This is the result – at least in the Nordic countries – of the principle of financial independence for young people when they reach the age of majority. As they are no longer dependent on their parents, it is logical that the latter do not receive allowances towards the education of their children.

Ireland and the United Kingdom award family allowances for children up to the age of 18 (inclusive). In Ireland, where the student population in higher education is relatively young (see General Introduction), this support may apply to one, or even two years of study. The characteristics of its system are therefore presented. France awards family allowances until the age of 20 is reached. Other European countries consider the payment of family allowances justified as long as the child has not attained real financial independence by entering the labour market. This explains why students in higher education are eligible for family allowances, unlike young people of the same age who are already in employment.

B.1. METHODS OF APPLICATION

All countries that pay family allowances have adopted the same methods and these involve a monthly payment to one or both parents, or directly to the student.

In Germany, the tax allowance of an amount equivalent to the family allowance (*Kindergeld*) is considered to be an integral part of the family allowances system. This element of the cash benefits for families is, however, discussed in section A on tax relief for dependent children.

B.2. CONDITIONS OF AWARD

The only condition of award common to all the countries is one of an age limit for student eligibility. However, the ages beyond which family allowances can no longer be claimed for a student vary from country to country. In 1997, these limits were as follows:

B	D	EL	F	IRL	L	A	P
25 years	27 years	24 years	20 years	18 years	27 years	27 years	24 years

Luxembourg: The age condition does not apply to medical students.

Other conditions of award can also be added, depending on the country. For instance, in Belgium, students are not allowed to work more than 80 hours a month, except during the holidays, and there is no entitlement to family allowances in respect of children brought up outside the country.

In Austria, students cannot have earnings of their own above a certain amount: in 1997, this ceiling was ATS 3 740 (PPP/ECU 254) a month (except in holiday months). In addition, since 1997, parents have only been able to obtain family allowances for the normal number of years of the course plus one. This is the only country in which payment of family allowances is linked to the length of the course.

B.3. DIFFERENCES IN THE AMOUNTS PAID

The actual amounts paid can depend on a number of variables. While the most common among them is the birth order of the child in the family and, less frequently, the parents' income, other variables are also encountered. This information is summarised in Figure I.3.6.

It is difficult to compare the amounts paid in the various countries when they depend on several variables in this way, and differ considerably from one individual to another. It is therefore helpful to define here the profile of a standard family and to calculate the support this family would be entitled to in the various countries, while acknowledging the very limited scope of this comparison.
As an example, the allowance paid to a family with two children, both in higher education, is considered. The household income is equal to the statutory minimum earnings and the children are not engaged in any remunerated activity.

FIGURE I.3.6: VARIABLES APPLIED IN DETERMINING THE AMOUNT OF FAMILY ALLOWANCES, 1997

	BIRTH ORDER OF CHILD	INCOME OF PARENTS	OTHER VARIABLES
B	Yes	No	• Occupational status of parents (salaried, self-employed, public servants). • Higher rate of allowance for orphans and handicapped children. • Age of child.
D	Yes	No	
EL	Yes	No	
F	Yes	No	• Higher rates of allowances for orphans.
IRL	Yes	No	• Higher rates of allowances for twins.
L	Yes	No	• Age of child. • Supplementary allowance for handicapped or disabled child.
A	No	No	• Age of child.
P	Yes	Yes	• Supplementary allowance for handicapped children.

Source: Eurydice.

Belgium: Orphans are children at least one of whose parents is deceased.
Denmark, Spain, Italy, Netherlands, Finland, Sweden, United Kingdom, Iceland, Liechtenstein and **Norway**: Not applicable.
France: Orphans are children both of whose parents are deceased.
Ireland: Since 1 January 1998, parents of twins have been entitled to one-and-a-half times the normal allowance per child.
Portugal: Family allowances can be at one of two rates depending on whether there are up to two, or three or more children in the family. In the latter case, the allowance is increased only if the family income is below 150% of the national minimum wage.

Figure I.3.7 shows the family allowances received by such a family in the various countries.

The highest rates of family allowance are paid in Belgium, Germany, France, Luxembourg and Austria, while the lowest rates are paid in Greece. The rates in Ireland and Portugal are in an intermediate position.

FIGURE I.3.7: AMOUNTS OF FAMILY ALLOWANCES PAID TO A STANDARD FAMILY (TWO STUDENTS) 1997

	ANNUAL FAMILY ALLOWANCE IN NATIONAL CURRENCY	ANNUAL FAMILY ALLOWANCE IN PPP/ECU
B	BEF 129 228	3 236
D	DEM 4 800	2 192
EL	GRD 96 000	429
F	FRF 17 988	2 526
IRL	IEP 720	987
L	LUF 172 752	4 013
A	ATS 44 400	3 016
P	PTE 100 800	760

Source: Eurydice.

Belgium: Employee status.
Denmark, Spain, Italy, Netherlands, Finland, Sweden, United Kingdom, Iceland, Liechtenstein and **Norway**: Not applicable.
France: 1998 data.
Luxembourg: 1996 data.

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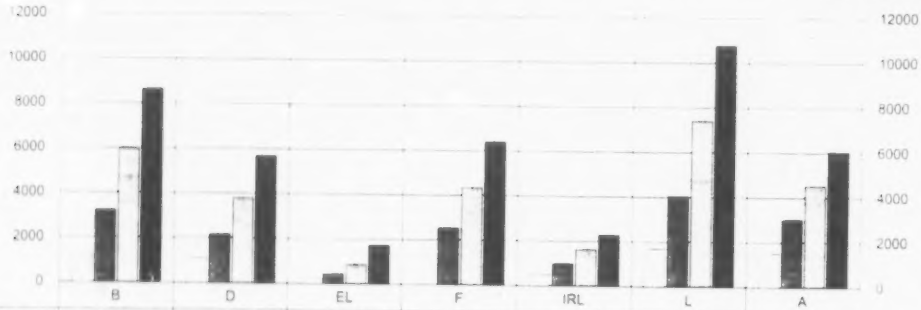
Figure I.3.8 has been prepared with reference to the seven countries in which family allowances do not depend on parental income, but the number of children. It compares changes in the amounts of family allowances according to the number of dependent children. It shows that the differences observed between countries, more particularly in Figure I.3.7, tend to remain whatever number of children is taken into consideration for purposes of international comparison.

FIGURE I.3.8: TOTAL ANNUAL AMOUNT OF FAMILY ALLOWANCE ACCORDING TO NUMBER OF DEPENDENT CHILDREN, PPP/ECU, 1997



	B	D	EL	F	IRL	L	A
1 child	1 238	1 081	214	0	493	1 686	1 508
2 children	3 223	2 161	429	2 527	987	4 033	3 016
3 children	5 961	3 782	858	4 348	1 629	7 397	4 524
4 children	8 640	5 673	1 716	6 396	2 271	10 759	6 032

Source: Eurydice.

Belgium: Employee status.
Denmark, Spain, Italy, Netherlands, Finland, Sweden, United Kingdom, Iceland, Liechtenstein and **Norway**: Not applicable.
France: 1998 figures.
Portugal: Family allowances depend on income.

C. ESTIMATE OF THE SCALE OF SUPPORT GIVEN TO STUDENTS' FAMILIES

Most European Union and EFTA/EEA countries have in common that they either operate **both** systems of cash support for families — i.e. family allowances and tax relief — or **neither**. In practice, countries that pay family allowances in respect of students also award tax relief for them to taxpayers, while those that do not (or no longer) pay family allowances do not provide for tax relief either. By contrast, Spain, Italy (since 1998) and Liechtenstein provide tax relief, but not family allowances in respect of students in higher education.

Ireland is an exception to this rule in so far as it pays family allowances up to the age of 18, i.e. to a significant proportion of students in higher education. To a lesser extent, this also applies to France which discontinues family allowances once students are aged over 20.

The countries that provide no family support are, in the main, those that regard students in higher education as financially independent from their families. For this reason, their students receive bigger grants and loans than students in other countries, and in far greater numbers. On the other hand, countries that do provide support to the families of students in higher education regard the latter as dependent on their families, and award generally smaller grants and loans to fewer students. It is therefore helpful to evaluate as precisely as possible the amounts of family cash support, to see whether they offset, wholly or in part, the difference observed between countries in terms of the amounts of grants and loans they pay.

Estimating these amounts presents a methodological problem, as support is not confined to students in higher education: family allowances and tax allowances are also available in respect of younger children. It is quite difficult – and sometimes almost impossible – to identify the proportion of support relating exclusively to students in higher education, on the basis of aggregate figures.

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Some statistics can, however, be adduced to give an idea of the order of magnitude involved. **Caution must, however, be exercised in drawing conclusions from these figures.**

One single international study is known to be available carried out on the basis of harmonised criteria, and it may help to evaluate the amounts of cash support given to families. The European Observatory for National Family Policies, an independent body set up at the initiative of the European Commission, published, in 1998, a *Summary of National Family Policies in 1996*. Here, there is a comparison of the public-sector packages of support for families in the Member States of the European Union (but not the three EFTA/EEA countries) by way of tax and family allowances. In this context, and to avoid the problems encountered when comparing policies that give different weight to a number of parameters (parental income, household composition, ages of children etc.), five standard families were defined in terms of all their useful characteristics. The support to which these five families were entitled according to the relevant national legislation was calculated for each Member State, enabling different national policies to be compared on a common basis.

The five families are all represented by a couple with two children (aged seven and eight) but with different levels of income.

- Case 1: couples and lone parents with one earner receiving half of the national average male earnings.
- Case 2: couples and lone parents with one earner receiving national average male earnings.
- Case 3: couples and lone parents with one earner receiving one-and-a-half times national average male earnings.
- Case 4: couples with one earner receiving national average male earnings, and the other 66% of national average female earnings.
- Case 5: couples with one earner receiving one-and-a-half times national average male earnings, and the other one-and-a-half times national average female earnings.

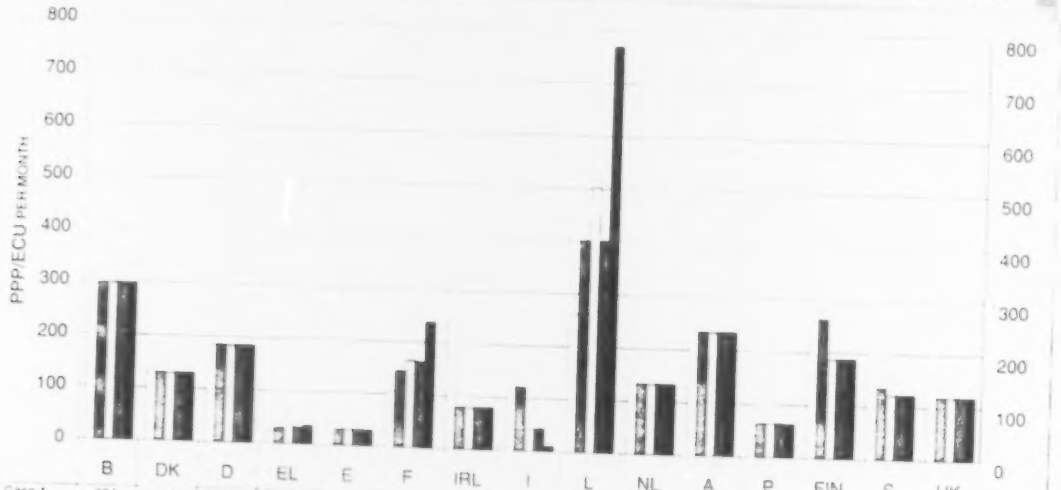
Figure I.3.9 shows the value of the child benefits that would be received by these standard families.

Attention should be drawn to two points.

- Certain Member States (Belgium, Denmark, Germany, the Netherlands and Austria) provide support for all families in the same way, while this is not true of the others. Spain, Ireland, Sweden and the United Kingdom also provide the same support to all families except those with the lowest incomes who receive more support than the others. Italy and Finland provide more support, the lower the family income, thus applying a clear policy of redistribution. Greece, France, Luxembourg and, to a lesser extent, Portugal, reflect somewhat different trends, characterised by the significant impact of their taxation systems whose advantages tend to increase as income rises.
- The amounts across Member States vary. They are all expressed in a common currency taking account of purchasing power in the country concerned. Luxembourg stands out with a particularly high level of support; Belgium, Austria and Finland provide support of between PPP/ECU 200 and 400 a month; Greece, Spain, Italy and Portugal have a lower level, while Denmark, Germany, France, Ireland, the Netherlands, Sweden and the United Kingdom are in an intermediate position.

It should nonetheless be remembered that these data were based on standard families in which the two children were aged seven and eight and thus at primary school. Several Member States do not pay family cash benefits for students in higher education, while others vary the rates depending on the ages of the children. Consequently, these amounts should be considered as only an approximation of the cash benefits given to families in respect of students in higher education.

FIGURE I.3.9: VALUE OF OVERALL CHILD BENEFITS (TAX ALLOWANCES AND CASH BENEFITS ONLY) BY EARNINGS LEVEL (COUPLE WITH TWO CHILDREN OF SCHOOL AGE, PPP/ECU PER MONTH, MAY 1996)



	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Case 1	294	129	184	24	45	105	119	195	261	121	133	41	319	225	313
Case 2 ■	297	129	184	30	50	144	79	120	401	121	133	64	263	135	119
Case 3	297	129	184	35	50	165	79	42	503	121	133	64	188	122	119
Case 4 ■	297	129	184	31	50	162	79	42	401	121	133	64	188	122	119
Case 5 ■	297	129	184	35	29	238	79	4	769	121	133	63	188	122	119

Source: European Commission- European Observatory on National Family Policies - A Synthesis of National Family Policies in 1996, p. 62

NB: The data for Member States which award both family allowances and tax relief in respect of students in higher education are shown against a grey background. Data on those that provide for only one or neither form of allowance appear against a yellow background.

The situation of such families as regards the amounts can thus differ from the one shown in Figure I.3.9, even if only those Member States that do pay cash benefits to families with students, are considered.

Three national studies targeted at support for students in higher education have been carried out, for France, Germany and Portugal respectively. They enable this type of support to be measured more accurately in relation to higher education students in these three countries.

In France, Bernard Cieutat, *Conseiller* at the Court of Auditors, produced a public report on the question in 1996. According to this study, it appears that the tax relief in respect of students in higher education amounted to a total of FRF 9 330 million (PPP/ECU 1 310 million) in 1996, or more than 35% of all student support. If social accommodation allowances (FRF 4 642 million or PPP/ECU 652 million), personal accommodation allowances and support with family accommodation (FRF 749 million or PPP/ECU 105 million) are added, as well as the deficit on the student social security scheme (FRF 2 760 million or PPP/ECU 388 million), this accounts for three-quarters of the support for students in higher education. Taking these elements into consideration brings public-sector support for higher education students to 0.4% of GDP, a level close to that of the Netherlands and Finland shown in Figure 12 of the General Introduction.

In Germany, the Cologne-based *Forschungsinstitut für Bildungs- und Sozialokonomie* considers that family support in terms of cash benefits represents two-thirds of total public-sector support for students in higher education. This brings the proportion of total public-sector support for higher education students to 0.3% of GDP, close to the level of Iceland and Ireland shown in Figure 12 of the General Introduction.

In Portugal, the *Gabinete de Gestão Financeira do Ministerio de Educação* (Financial Management Division of the Ministry of Education) has estimated that if all public support for higher education students was taken into account, it would rise from the PTE 5 410.173 million (PPP/ECU 41 million) representing grants and loans alone to some PTE 18 703.371 million (PPP/ECU 141 million), an amount three-and-a-half times greater.

CHAPTER 4

OTHER SOCIAL BENEFITS

The different forms of support associated with specific services are examined in this chapter. Four services are subjected to detailed analysis in so far as they each represent a major element in student budgets: accommodation, travel, meals and health services.

As a general rule, all countries provide help with accommodation. This help, however, comes in a variety of forms: some is given in kind and some in cash; some is from the government and some from the institutions. The criteria of eligibility for such help also vary widely from one country to another. Assistance towards travel costs is found in a majority of countries. This is not always in the form of government assistance: reductions in the cost of travel can also be offered directly by the companies concerned. Finally, assistance in the form of meals, i.e. government-subsidised catering arrangements, is less widespread.

A. HELP WITH ACCOMMODATION

Accommodation costs are closely linked to the student's place of residence. If students do not live with their parents, they will have to devote a major part of their budget to accommodation near their higher education institutions. The proportion of students living with their parents depends on a number of factors: population density, the possibility of choosing and being accepted by an institution close to the parental home, the ages of students, the extent to which they are independent and the cultural tradition of their country. In some countries, like Italy, the majority of students live at home and travel from home to their institution. In others, like Finland, only a minority of students live at home.

Amongst the forms of help with accommodation, a distinction has to be made between residences provided for students at preferential rates and housing allowances paid to students by public authorities. While there are subsidised residences in all the countries, housing allowances are found much less frequently.

A.1. STUDENT RESIDENCES

A.1.1. Ownership of residences and bodies responsible for their management

A distinction has to be made between residences directly financed from public funds (aside from the part of the rent paid by the individual students), which are found in most countries, and those provided at the initiative of institutions from their own resources. In the latter case, the institutions, which receive part of their income from public funds and part from private sources (tuition fees, bequests, income from investments etc.), decide whether they will use these funds to provide accommodation. This is the case in Belgium and the United Kingdom, and also in Spain and Ireland in certain institutions. In Ireland, rooms in residences are usually let to students at commercial rates and are therefore not subsidised by the institutions, with only a few rare exceptions. In Spain, the *colegios mayores* are residences administered by the universities or private bodies (for instance religious orders). Other residences are managed by private individuals. Both the *colegios mayores* and private residences can be subsidised by the universities and other bodies such as the Ministry of Foreign Affairs.

FIGURE I.4.1: FUNDING AND ADMINISTRATION OF RESIDENCES, 1997/98

	SOURCE OF FUNDS	ADMINISTRATION
	EUROPEAN UNION	
B fr	Universities	Universities (university social housing)
B nl	Universities and *Hogescholen*	Universities and *Hogescholen*
DK	Government	Central committees for the allocation of accommodation to students.
D	*Länder*	*Studentenwerk*
EL	Government	National foundation for young people
E	Universities/government	Universities (*colegios mayores*) and private individuals
F	Government	*Centre national des oeuvres universitaires et scolaires* (CNOUS) and *centres regionaux des oeuvres universitaires et scolaires* (CROUS)
IRL	Higher education institutions	Higher education institutions
I	Regions	*Enti regionali per il diritto allo studio* (bodies supporting the right to study) University of Calabria
L	Government	Ministry of Education
NL		Special foundations for housing for young people
A	Government	Non-profit-making legal entities
P	Public funds	Social services schemes
FIN	Government, local authorities or foundations for student accommodation	Foundations under both local authorities and student organisations
S		Students' union in collaboration with local authorities
UK	Higher education institutions	Higher education institutions
	EFTA/EEA	
IS	Government (partly)	Non-profit organisation owned by government and registered students
LI	(–)	
NO	Government and loans	Student welfare organisations

Source: Eurydice.

Denmark: In addition to the accommodation managed by the central committees for the allocation of student housing, a certain number of residences belong to the universities and colleges.
Germany: The *Studentenwerke* are partly funded from student contributions and subsidised by the *Länder*.

A.1.2. Number of places available in residences and rent levels

The proportion of students who obtain accommodation in the form of a place in a student residence varies considerably from country to country. It is under 5% in Greece, Ireland, Italy and Portugal, and over 25% in Finland.

The levels of monthly rent are also very varied. In some countries, accommodation is subsidised to a considerable extent. This is true of Greece, where students pay a rent of PPP/ECU 6, France, Luxembourg and also Portugal where it is under PPP/ECU 100. In France, some of the students in university residences are also entitled to social housing allowances which further reduce their rent. In the other countries (Denmark, Germany, the Netherlands, Austria, Sweden and Iceland), rents are substantially higher.

In countries in which student residences come under the higher education institutions, the amounts vary. In the French Community of Belgium, the amounts quoted as a guide for one university reveal a considerable subsidy. In Spain, support also varies depending on the university: in certain residences, places are free.

In some of these countries, the contribution from the government or public authorities is relatively small. Thus, in the Netherlands, accommodation is managed by financially independent undertakings whose activities are limited by law to the public services. Any profit has to go back into the accommodation and government involvement is limited to establishing a guarantee fund. In Sweden, there are no public subsidies towards accommodation. The student unions can manage the waiting lists in association with the local authorities.

On the other hand, in Finland, construction and renovation are financed by government-subsidised loans. The local authorities support the construction and make sites available to the developers either free of charge or at reasonable prices. Rent income has to cover running costs.

FIGURE I.4.2: NUMBERS OF PLACES AVAILABLE IN STUDENT RESIDENCES, PROPORTION OF STUDENTS ACCOMMODATED AND MONTHLY RENT LEVELS, 1997/98

	NUMBER OF PLACES IN STUDENT RESIDENCES	PROPORTION OF STUDENTS ACCOMMODATED IN THE RESIDENCES	AMOUNT OF RENT CHARGED TO STUDENTS (IN NATIONAL CURRENCY)	AMOUNT OF RENT CHARGED TO STUDENTS (IN PPP/ECU)
EUROPEAN UNION				
B fr	University residences: 8 200 places	Around 13%	In one institution, as a guide: BEF 35 000 p.a. for grant-holders and BEF 53 000 p.a. for non-grant-holders	PPP/ECU 877 p.a. PPP/ECU 1 327 p.a.
B nl	(:)			
DK	50 000 units of accommodation, of which 27 000 are in the four large university towns	About 20%	Room: between DKR 1 000 and 1 800 Studio flat: between DKR 1 400 and 2 800	Between PPP/ECU 111 and 199 Between PPP/ECU 155 and 310
D	Old *Länder*: 182 000 New *Länder*: 50 000	About 13%	Between DEM 200 and 400	Between PPP/ECU 91 and 182
EL	(:)	(:)	GRD 1 500	PPP/ECU 6
E	Residences and *colegios mayores*: 31 241 places	Residences and *colegios mayores*: 2.19%	Residences: ESP 31 000 to 70 000 *Colegios mayores*: ESP 75 000 to 95 000 (full board)	Residences: PPP/ECU 231 to 522 *Colegios mayores*: PPP/ECU 559 to 708
F	100 000 places in residences (ALS) and 45 000 in new residences (APL)	7.5%	FRF 451 in traditional residences FRF 800 in new residences	PPP/ECU 63 PPP/ECU 112
IRL	(:)	About 6%	About IEP 1 500 p.a.	PPP/ECU 2 057 p.a.
I	28 000	About 2%	(:)	(:)
L	40 + university rooms acquired by the government abroad	(:)	LUF 2 500	PPP/ECU 58
NL	(:)	(:)	Between NLG 300 and 360	Between PPP/ECU135 and 162
A	23 976	About 10%	Average: ATS 2 230	Average PPP/ECU 151
P	7 699	4.1%	PTE 6 400	PPP/ECU 49
FIN	Around 58.000 places in student accommodation, most of them available to students in all post-compulsory institutions	28%	Room: FIM 750 to 1 250 Studio: FIM 1 000 to 1 700	PPP/ECU 118 to 196 PPP/ECU157 to 266
S	50 000	Average 17%	Minimum SEK 1 800	Minimum PPP/ECU 172
UK	(:)			
EFTA/EEA				
IS	Approx. 600 places	Approx. 7.5%	IKR 15 000 to 45 000	PPP/ECU 180 to 541
LI	(–)			
NO	17 636 rooms + 3 035 studio flats = 20 671	About 13%	Studio flat: NOK 1 500 and 2 300 Room: between NOK 2 100 and 3 850	Between PPP/ECU 152 and 233 Between PPP/ECU 213 and 390

Source: Eurydice.

Denmark: Excluding data on students in non-higher education.

Greece: A large number of places are available for students in hotels, and paid by each higher education institution individually.

Spain: 1994/95 data for numbers of places available and percentage of students.

France: Rent levels net, taking account of support.

Portugal: Students at the first level: amounts paid by grant-holders and semi-grant-holders.

Finland: The proportion of students housed in student accommodation is based on 1996/97 data for students in higher education who were applicants for financial support.

EXPLANATORY NOTE

The data have been made comparable by converting them into purchasing power parities based on the value of the ECU. This eliminates differences arising from the use of different currencies, and also allows for differences in prices in the various countries.

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A.1.3. Qualifying criteria

The qualifying criteria are very variable: some forms of student support are awarded on the basis of family or student income, or other criteria such as distance from home or academic performance.

A means test based on family income is applied in some countries in which grants are awarded on the basis of parental income – Greece, Italy and Portugal where residence criteria are also taken into account. This is similarly the basis for the allocation of places in campus-style student residential accommodation in France, where criteria of distance and academic performance are also applicable. Certain *Centres des oeuvres universitaires et scolaires* (CROUS, or public regional centres for student services) apply an additional condition in that they accept only students who have already completed two years of higher education. Distance criteria are taken into consideration in other countries, such as Denmark and the Netherlands. Academic performance is a criterion for the allocation of accommodation in Austria. In Iceland, the criteria are established by the organisations that manage the accommodation. Students whose home is far away, single-parent families and foreign exchange students (Erasmus) have priority. In Norway, priority goes to foreign students.

In Belgium and Spain, the criteria are set by the higher education institutions themselves. In Belgium, the advantage of social accommodation is not exclusive to grant-holders only: other criteria can be adopted, such as giving priority to Erasmus students or married couples. In Spain, help with accommodation in the *colegios mayores* and the university residences takes the form of a grant. The award of such grants is quite independent of the general grants system and the related accommodation allowances, administered by the government (see A.2.1.). These two forms of student support are mutually exclusive. Only students who do not hold a government grant can obtain a grant from the institutions. The criteria are both financial and academic. In Ireland and the United Kingdom, the higher education institutions try mainly to accept first-year students.

In Germany, Luxembourg, Sweden and Iceland, accommodation is not allocated on the basis of special conditions and is independent of whether the student has obtained a grant or a loan.

A.2. ACCOMMODATION ALLOWANCES

Help with accommodation in the form of an allowance can be either an element in the grant or independent of it.

A.2.1. Element in the grant

In a number of countries, help towards accommodation costs is an integral part of the grant. The extent of the difference between the amount of awards to students living with their parents and to those living on their own suggests that attention should be paid to this element in the grant.

In Germany, students receive a lump sum in addition to their grant. In Spain, there is a supplement to the grant that is awarded to some grant-holders. In Portugal, a top-up grant is awarded to student grant-holders (who no longer live with their parents because of the distance between their home and the institution where they study). The amount varies depending on whether the 'social action' services are able to allocate them places in student residential accommodation. In Finland, support comprises three elements: the grant, the loan and an accommodation supplement.

In some countries, the levels of support vary depending on whether the student lives in the parental home or away from home. This is the case in Belgium, Denmark, the Netherlands Austria and Norway. While the difference between the two rates of grant cannot be regarded as support towards the cost of accommodation, it is certain that paying rent has a considerable effect on the budget of the student who does not live at home. In Ireland, a distinction is made between 'adjacent' grants (where the distance between home and the institution is less than or equal to15 miles) and 'non-adjacent' grants. In the United Kingdom, the rates of grant also vary depending on where the student lives.

FIGURE I.4.3: LEVELS OF ACCOMMODATION ALLOWANCES/SUPPLEMENTARY GRANTS, 1997/98

	MONTHLY AMOUNT OF ACCOMMODATION ALLOWANCE/GRANT SUPPLEMENT (IN NATIONAL CURRENCY)	ANNUAL AMOUNT OF ACCOMMODATION ALLOWANCE/GRANT SUPPLEMENT (IN NATIONAL CURRENCY)	MONTHLY AMOUNT OF ACCOMMODATION ALLOWANCE/GRANT SUPPLEMENT (PPP ECU)	ANNUAL AMOUNT OF ACCOMMODATION ALLOWANCE/GRANT SUPPLEMENT (PPP ECU)
EUROPEAN UNION				
B fr		At home with parents: BEF 27 272 Elsewhere: BEF 48 075		At home with parents: PPP ECU 683 Elsewhere: PPP ECU 1 204 Difference: PPP ECU 521
B nl		At home with parents: BEF 58 300 Elsewhere: BEF 98 400		At home with parents: PPP ECU 1 460 Elsewhere: PPP ECU 2 464 Difference: PPP ECU 1004
DK	At home with parents: DKK 1 807 Elsewhere: DKK 3 580		At home with parents: PPP ECU 200 Elsewhere: PPP ECU 396 Difference: PPP ECU 196	
D	At home with parents: DEM 75 Elsewhere: DEM 235 (Additional support for students in difficulty: DEM 75)		At home with parents: PPP ECU 34 per month Elsewhere: PPP ECU 107 per month Difference: PPP ECU 73 per month	
EL	(–)			
E	Minimum: ESP 229 000 Maximum: ESP 320 000			Minimum: PPP ECU 1 709 Maximum: PPP ECU 2 386
F	Social housing grant (ALS): paid to tenant Minimum (in university residence): FRF 283 Maximum (other accommodation): FRF 1 053 APL: paid to landlord: FRF 900		Social housing grant (ALS): Minimum: PPP ECU 40 Maximum: PPP ECU 148 APL: PPP ECU 126	
IRL		Adjacent grants: IEP 647 Non adjacent: IEP 1 624		Adjacent grants: PPP ECU 887 Non adjacent: PPP ECU 2 227 Difference: PPP ECU 1 340
I	5 426 000 000 2 446 – ITL 2 218 316			Average: PPP ECU 1 293
L	(–)	(–)	(–)	(–)
NL	Basic grant: – living with parents: NLG 125 – elsewhere: NLG 425 Supplementary grant: – living with parents: NLG 372 – elsewhere: NLG 407		Basic grant: living with parents: PPP ECU 56 elsewhere: PPP ECU 192 Difference: PPP ECU 136 Supplementary grant: living with parents: PPP ECU 168 elsewhere: PPP ECU 184 Difference: PPP ECU 16	
A		Living with parents: ATS 58 000 Elsewhere: ATS 88 000		Living with parents: PPP ECU 3 940 Elsewhere: PPP ECU 5 978 Difference: PPP ECU 2 038
P	Grant supplement: – for a place in student accommodation: PTE 6 440 – otherwise: PTE 14 000		Grant supplement: – for a place in student accommodation: PPP ECU 49 – otherwise: PPP ECU 106	
FIN	Housing supplement: – Minimum: FIM 134 – Maximum: FIM 854		Housing supplement: Minimum: PPP ECU 21 Maximum: PPP ECU 134	
S	(–)			
UK		Living with parents: GBP 1 435 Away from home: GBP 1 755 Away from home (London rate): GBP 2 160		Living with parents: PPP ECU 2 055 Away from home: PPP ECU 2 513 Away from home (London rate): PPP ECU 3 093
EFTA/EEA				
IS	(–)			
LI	(–)			
NO		Living with parents (loan): NOK 4 290 Elsewhere (loan and grant): NOK 6 270		Living with parents (loan): PPP ECU 434 Elsewhere (loan and grant): PPP ECU 635 Difference: PPP ECU 201

Source: Eurydice

EXPLANATORY NOTE

The data have been made comparable by converting them into purchasing power parities based on the value of the ECU. This eliminates differences arising from the use of different currencies, and also allows for different prices in the various countries.

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In Italy, in addition to places in residences, the Regions provide through the *enti regionali per il diritto allo studio* (bodies supporting the right to study) accommodation allowances to enable students to rent private rooms. Contracts are entered into with private landlords to ensure the availability of the accommodation over time and to ensure a division of responsibility in case of damage. Although this option seems likely to be extended, it remains marginal: about 3 000 students took advantage of it in 1997/98. The allowance is awarded by the office that administers grants but under procedures separate from those for awarding grants, even where grant-holders are recipients.

Mechanics of award and amount of allowances

In Spain, help with accommodation is awarded following the same procedures as grants. This is a supplement to the grant paid to grant-holders who can demonstrate that they are obliged to live away from the parental home. The amounts for the academic year are fairly high (between PPP/ECU 1 708 and 2 386). Where attendance is sporadic, as in the case of part-time study, students are not eligible for this allowance.

In the other countries, students do not have to justify their need for accommodation.

In Germany, a lump sum supplement to financial support is awarded to students who live with their parents (PPP/ECU 34), as well as to those who live alone (PPP/ECU 107), in addition to assistance for accommodation. In Finland, the accommodation allowance is a supplement to the grant awarded to students depending on the type of accommodation. It amounts to 67% of the monthly rent.

In Denmark, the difference between the grant awarded to students living alone and those living with their parents is PPP/ECU 196 per month. It is PPP/ECU 1 004 a year in the Flemish Community of Belgium, PPP/ECU 1 443 a year in Ireland and PPP/ECU 2 038 a year in Austria.

In the Netherlands, student support can comprise three elements: the basic grant, a loan and a supplementary grant awarded exclusively on the basis of the family's income.

In determining the value of this student support, the Ministry draws up a standard maximum monthly budget which includes:

- a standard amount for living expenses, including accommodation. This amount varies depending on whether the student is living in the parental home. This affects the level of the basic grant awarded to the majority of students (PPP/ECU 56 for students living at home and PPP/ECU 192 for those living elsewhere). It also affects, but makes little difference to the level of the supplementary grant paid to students from modest backgrounds over and above the basic grant.
- a standard amount for health care (see section D).

Dutch students are free to request assistance up to the amount of the maximum standard monthly budget.

In the United Kingdom, the difference between the maximum annual grant available to students living in London away from home and those living at home with their parents is PPP/ECU 1 038. As from 1999/2000, grants will be completely replaced by loans, the maximum of which will vary according to where the student is living.

A.2.2. Accommodation allowance independent of the grant

In some countries, help with the cost of accommodation is awarded separately from the grant, as in France and Finland (for the general accommodation allowance). Moreover, the administration of this form of support does not come under the Ministry of Education.

In France, where the system of accommodation allowances is particularly complex, there are three distinct types of allowance – the individual housing grant (*aide personnalisée au logement*, or APL), the social housing grant (*allocation de logement social*, or ALS) and the family housing grant (*allocation de logement familial*, or ALF). These grants are all made according to the student's financial situation. They do not come under the Ministry of Higher Education but are benefits available to the population generally on a means-tested basis and are made available to students to promote their independence. The first is awarded in respect of standard accommodation and involves some 50 000 students. The second is awarded in respect of non-standard accommodation (including university residences and other accommodation) to students living away from the parental home and it involves over 500 000 students, or a quarter of the student population. The social housing grant represents a considerable share (about 15%) of the total student support budget. The third type of allowance is marginal in the student context and involves mainly individuals on their own, couples with dependants etc. Grant-holders are entitled to the ALF, which is additional to their grant.

In Finland, students not entitled to the accommodation allowance supplementary to the grant may apply for general housing benefit, which covers a maximum 80% of the monthly rent. This is awarded by the social insurance institution.

The student's income is taken into account for the award of the social housing grant (ALS) and the individual housing grant (APL) in France and the general housing grant in Finland.

B. SUBSIDISED MEALS

In a first group of countries, the government (or the regions) subsidise catering services that provide meals at reduced prices. This is the case in Germany, Greece, France, Italy, Austria, Portugal, Finland and Norway. Greece, France and Portugal all have a single price, fixed nationally and varying little from one country to the other (about PPP/ECU 2). In some other countries, higher education institutions subsidise meals from their own resources, as in Belgium and the United Kingdom. As in the case of accommodation allowances, these institutions, which are financed partially from public funds and partly from private sources (tuition fees, bequests and income from investments), are free to decide whether to subsidise their catering services.

In general, subsidised catering services are open to all students and indeed to the staff of the institutions. In Austria, meal vouchers are also provided by the Federal Ministry of Education to students in need.

Spain and Italy are exceptions. In Spain, the assistance provided by the universities is on the basis of the student's financial situation and academic performance and cannot be combined with a government grant. In Italy, assistance in the form of meals at reduced prices subsidised by the Regions is granted on the basis of a family means test. Since 1997, not only grant-holders but students who satisfy the conditions for the award of a grant without actually obtaining one, are entitled to free meals.

In some countries, catering firms may offer meals at reduced prices because they are operating in particularly favourable conditions. Thus in Ireland, where the meals provided in the institutions are rarely subsidised, the institutions have entered into franchise agreements with private firms which use the institutions' premises. In Sweden, the government does not subsidise meals but catering firms may be given rent reductions. In Denmark, higher education institutions can make a contribution to catering by making premises and equipment available to private firms. In Norway, canteens are subsidised by the government. They pay no rent and are equipped free of charge.

FIGURE I.4.4: SUBSIDISED MEALS (SOURCE OF SUBSIDY, BENEFICIARIES AND TYPES OF REDUCTION), 1997/98

	SOURCE	BENEFICIARIES	TYPE OF REDUCTION
		EUROPEAN UNION	
B	Universities *Hautes ecoles* *Hogescholen*	All students and staff of the institutions	Meals at particularly advantageous prices
DK	Premises provided by higher education institutions	All students	Meals at reduced prices
D	*Länder*	All students and staff of the institutions	Main courses and drinks at various prices
EL	Government	All students	Meals at a single price (about PPP/ECU 2)
	Government	Students from disadvantaged families	Free meals
E	Universities	Students who are not state grant-holders, depending on their academic merit and income	Allowance
	Catering services	All students	Meals at reduced prices
F	Government via CROUS	All students	Meals at a single price (about PPP/ECU 2)
IRL	Premises provided by higher education institutions	All students	Meals at reduced prices
I	Regions	Depending on academic merit and income, except in Tuscany	Meals at a reduced price (PPP/ECU 4) or free
L	Ministry of Education		Meals at reduced prices
NL	Universities	All students and staff of the institutions	Meals at particularly advantageous prices
A	Federal Ministry	Students in need	Meal vouchers
		All students and staff in higher education institutions	Meals at reduced prices
P	Government	All students	Meals provided at 50% of production cost, excluding infrastructure costs (capital) and administration; meals provided at a single price (about PPP/ECU 2)
FIN	Government and student organisations	Students (in universities and permanent AMK institutions)	Meals at reduced prices
S	Rent reductions for catering services	All students	Meals at reduced prices
UK	Higher education institutions	All students and staff of the institutions	Meals at reduced prices
		EFTA/EEA	
IS	(–)		
LI	(–)		
NO	Government	All students	Meals at reduced prices

Source: Eurydice

C. ASSISTANCE WITH TRAVELLING EXPENSES

Assistance with the cost of travel does not imply the same order of expenditure as assistance with the cost of accommodation or meals. In general, it does not involve setting up special group transport systems for students as is sometimes done in the case of primary and secondary school transport. It is rather a case of using what is already there. With or without students, underground and bus and train services operate. The cost of student support in relation to transport costs, where the government negotiates special rates or the transport companies provide these directly, can therefore be considered as minor compared with the cost of accommodation allowances or other support. On the other hand, where the government intervenes directly, more particularly in the form of a supplement to the student grant, the cost of such assistance is substantially greater. This no doubt explains why the former formula is the one adopted in most countries.

In a first group of countries, governments do not intervene directly. It is the transport companies that bear the cost. In some countries, these price concessions form part of the contract between the government and the transport company, as in Belgium, while in others, the transport companies themselves decide to provide preferential tariffs for students, as in Germany and Liechtenstein. In France, it is the local authorities that fix the tariffs. In all cases, the conditions for qualifying for these concessions are very wide. The students' organisations have introduced card systems that provide students with price reductions over a range of services, including transport, in Ireland, Finland and Sweden. Finally, in Belgium, Italy and the United Kingdom, some transport companies provide price reductions to young people within a given age range, whether they are students or not.

In a second group of countries, the government plays a direct role, either by paying compensation to the transport companies or in the form of supplements to the grants given to certain students to cover the cost of their travel. In Spain, the government provides a supplementary grant for transport and also pays compensation to transport companies for the reductions they give to all young people under 21 years of age. The same two provisions also apply to Norway.

In Denmark and the Netherlands, students entitled to support in the form of a grant and/or loan enjoy considerable reductions in transport costs. In both countries, the government reimburses the transport companies. In the Netherlands, students can have a public transport travel card; they can choose between a weekly card, which entitles them to free transport throughout the week and reductions at the weekend, or a weekend card which offers the opposite. Most students take the weekly card.

In France and Austria both systems coexist. In France, in addition to the reductions available from the local and regional transport services, grant-holders from certain specific *départements* are given special grants. In Austria, the companies give all students reductions up to age 26. Supplementary grants of amounts varying according to the length of the journey are also provided for students awarded grants.

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FIGURE I.4.5: SUPPORT TOWARDS TRANSPORT COSTS (TYPE OF TRANSPORT, RELEVANT LEGISLATION, TYPE OF SUPPORT, CRITERIA), 1997/98

	TYPES OF TRANSPORT	LEGISLATION/ REGULATIONS	TYPE OF SUPPORT	CRITERIA
		EUROPEAN UNION		
B	National railway company (SNCB)	In government's contract with SNCB	Reduction with season tickets	Must be a student under 30 years of age/young person under 26 years of age
	Bus	No specific regulations	Reductions	
DK	Public transport (train/bus)	Under student support arrangements	Reduction: 65% on amounts over PPP/ECU 33 up to a maximum of PPP/ECU 55	Must have applied for and be entitled to direct support (grant and loan)
D	Local or regional transport undertakings	No specific regulations	Reduction: up to 50%	Must be a student
EL	Public transport (bus, train, airlines)	Presidential decree	Reduction	Must be a student at AEI or TEI
E	Urban and inter-city transport	Under the general notice for applications for grants and student support	Grant, the amount varying according to the distance involved	Must be a grant-holder + distance between home and institution
	Bus, train, airlines	Universities can subsidise undertakings to provide reductions	Reduction in prices or free	Must not be a government grant-holder (depends on student's academic merit and income)
	Public transport	No specific regulations	Reductions	Must be under 21 years of age or one of a large family
F	Local or regional public transport	No specific regulations	Reduction: from 20 to 50%	Must be a student
	Transport within the *departements* of Créteil, Paris and Versailles	In the context of the grants awarded by the Ministry of Higher Education	Grant supplement awarded if not covered by the local authorities	Must be a grant-holder
	Transport to or from distant *Departements* (Corsica, Guyana, etc.)	In the context of the grants awarded by the Ministry of Higher Education	Supplement to grant	Must be a grant-holder
IRL	Public transport (bus, train, airline)	No specific regulations	Reductions	Must have the Travel Stamp (be a member of the students' union or of another union)
I	Railways and airlines	No specific regulations	Reduction	Must be a young person (up to age 26)
	Urban transport	No specific regulations	Reduction of 20 to 50%	Must be a student under 26 years of age
L	Public transport	Government compensation	Reductions	Must be a student
NL	Public transport	Under the student support system	Free or reduced rates depending on the type of travel card and the day of the week	Must be entitled to a basic grant, or to a loan even if the latter has not been taken up
A	Daily transport	Under the student support system	Supplement to grant – covers part of costs	Must be entitled to grant Proof required above PPP/ECU 102 Proof required above ATS1 500
	Transport between parental home and place of residence (min. 200 km)	Under the student support system	Supplement to grant – covers part of costs, amount variable depending on the distance	Must be entitled to a grant
	Public transport	No specific regulations	Reduction	Must be under age 26, and depending on family allowances
P	For long distances	Law on the financing of public higher education	Supplementary grant	Very high travel costs incurred by grant-holders who have not moved to near their place of study
FIN	Train, bus, airlines	No specific regulations	Reductions	Hold a student union card (be a member of the student union)
	Local transport	Depends on the local authorities	Reductions	Must be a full-time student
S	Train, bus, airlines	No specific regulations	Reductions	Must hold the national student card (be a member of a local student union)
UK	Public transport (train and bus)	No specific regulations	Reductions	Must hold a student card issued by the transport company
		EFTA/EEA		
IS	Travel abroad and within the country	Under the loans scheme	Loans for travel	Same conditions as loans generally
LI	Public transport			Must hold a *Studentenausweis* (student registration card)
NO	Train, bus, boat but rarely on local transport	Annual contracts between the ministry and the companies, which are compensated by the government	Reduction of 50%	Must be a student
		Under the state educational loan fund	Travel grants	Must live far away from parental home

Source: Eurydice

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D. SUPPORT WITH HEALTH SERVICES

In a number of countries, students - like the rest of the population - have access to free personal health services. In others, the social security system is based on the payment of personal contributions. This is the case in Belgium, Germany, France, Luxembourg, the Netherlands, Austria, Portugal and the United Kingdom. Analysis of support towards the cost of health services is meaningful only in the case of the second group of countries.

In general, in these countries, students have free cover under the family insurance of their parents, as in Belgium and Germany (both up to the age of 25), in France (the age of 20), in Luxembourg and Austria (both up to 27) and in Portugal (26). In France, between 20 and 28 years of age, students must join the student social security scheme. Government subsidies enable students' contributions to be kept low (see Part I, chapter 1). In Spain, students are covered by their family's insurance until they enter paid employment. They pay a compulsory insurance premium when they enrol (see Part I, Chapter 1) and this covers them in relation to accidents and certain medical expenses (general surgery, obstetrics, psychology and psychiatry). In addition, some universities provide a free emergency service. In the Netherlands, if the student is covered by the Dutch national health care system, there is a small monthly contribution (PPP/ECU 4). Students not covered by this insurance can take advantage of a special health insurance policy (*Standaardpakket Polis*), the premium for which is an element in the grant. In Austria, students who cannot take advantage of their parents' insurance cover are responsible for insuring themselves at a reduced rate (50%), the balance being met by the federal government. In addition, they have free cover against all accidents occurring within the university. In the United Kingdom, students have access to health services on the same basis as the rest of the population. Prescription items have to be paid for as well as dental and optical services. Students, can, however, apply for exemption from these charges. In Portugal, in addition to the health services provided under social action programmes, the current trend is towards the establishment of agreements between higher education institutions and administrative bodies in the healthcare sector, so that students can get help in specific areas such as diagnosis, prevention and psychological counselling on learning-related matters.

In Greece, medical and hospital services are provided for students in the universities (AEI) and Technological Educational Institutions (TEI). In Ireland, support with health services differs between institutions. Some institutions provide a comprehensive health service for all students, which includes a full-time nursing service, daily attendance by doctors, physiotherapy and psychiatric clinics, and an optician service. Other institutions have a less comprehensive service. In Finland, where students can turn to the public-sector system of health services like the population in general, the Finnish student health service provides its own health care on the basis of nominal contributions paid by the students (see Part I, Chapter 1).

CHAPTER 5

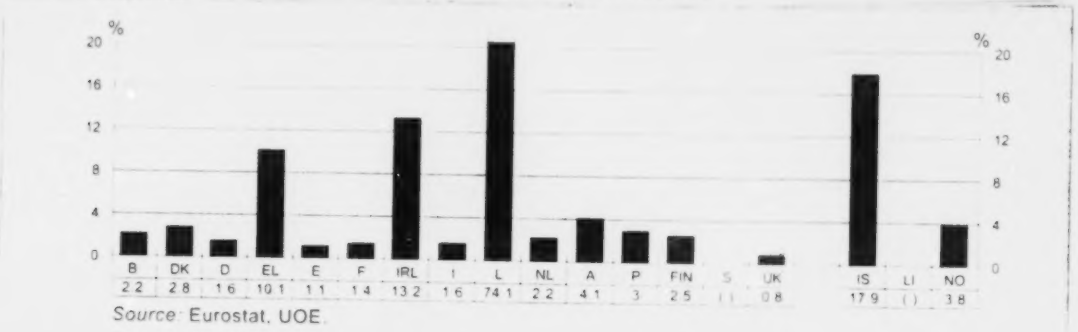
SUPPORT FOR STUDY ABROAD

This chapter deals with the provision the sending countries make in their principal national support system for undergraduate study abroad. It refers to the portability of grants and loans. Moreover, it covers specific help in the main national systems for going abroad. Some elements relating to post-graduate study abroad are also presented. Special scholarships from various private foundations for study abroad are not considered here.

A. POPULATION OF STUDENTS STUDYING ABROAD

To define the student population dealt with in this chapter, Figure I.5.1 shows the percentage of higher education students (undergraduate and postgraduate, part- and full-time) studying in another EU Member State or in an EFTA/EEA country in 1995/96.

FIGURE I.5.1: PERCENTAGE OF HIGHER EDUCATION STUDENTS STUDYING IN ANOTHER EU MEMBER STATE OR EFTA/EEA COUNTRY, 1995/96



Source: Eurostat, UOE.

Sweden: National data (around 5%)
Liechtenstein: In 1994, around 95% of students from Liechtenstein studied abroad (national data)

EXPLANATORY NOTE

Member States do not have details of the numbers of their home students studying abroad. For a given nationality, the number of students studying abroad (either in the EU or in an EFTA/EEA country) is calculated by summing the numbers provided for this nationality by the receiving Member States or EFTA/EEA countries. This total is then divided by the sum of itself and the total number of students of the same nationality enrolled in their own country. The lack of data on the distribution of students by nationality for some Member States or EFTA/EEA countries has repercussions for nearly all of the values shown: these are generally underestimated.

The case of Luxembourg is unusual, with 74.1% of its students studying abroad. This is explained by the fact that there is only limited higher education provision in this Member State, and most students are therefore obliged to study in another country. Much the same applies to Liechtenstein, very few of whose nationals study there. The number of students leaving their country to study in an EU Member State or in another EFTA/EEA country is also high in Iceland (17.9%). In Greece and Ireland, almost 10% of students are in this situation – a relatively high proportion compared to that of the other Member States. Elsewhere in the EU and especially the larger Member States, such as Germany, Spain, France, Italy and the United Kingdom, the vast majority of students pursue their studies in their own country.

B. AVAILABILITY OF SUPPORT FOR UNDERGRADUATE STUDY ABROAD

B.1. PORTABILITY OF GRANTS AND LOANS: GENERAL MODELS

Grants received from the main state-funded system can be taken abroad under certain circumstances by students in most Member States. This most often involves limited periods abroad as part of a course based in the home country, or attendance at approved courses in other EU Member States or EFTA/EEA countries.

The figure I.5.2 shows the main models of portability of support in the national support systems for undergraduate studies abroad in another EU Member State or EFTA/EEA country:

- **Portability for complete courses of study abroad**:

The Nordic countries (Denmark, Finland, Sweden, Iceland and Norway) provide financial support for students on full degree courses in another country to the same extent as for study in the home country. In Denmark, however, the maximum period of such support is four years. If the course can be completed within four years, support is given for the whole period. If the course lasts more than four years, support can only be given for the final four years. (In a very few cases, there is a possibility of support for the entire period of a course.) In these countries, the support for study abroad is awarded regardless of the host country (EU Member State, EFTA/EEA countries or third countries). In addition, on the basis of the cooperation agreement between the Nordic countries there are special regulations for study in another Nordic country (see section D).

In Luxembourg and Liechtenstein, in both of which there is limited higher education provision, study abroad is the norm. Student mobility and the portability of support to go with it are very fully developed.

- **Portability for complete courses of study abroad restricted to specific institutions, populations or countries**:

In Belgium, support for full study abroad is possible if the required course is not available in home institutions. It is also available to Belgian students resident abroad with their families, irrespective of whether equivalent courses are offered in Belgium. In Germany, it is possible for students from the Danish minority to receive support for full study in Denmark if the course is not available in German institutions. In Ireland, the system was altered in 1996 to allow students to undertake full-time undergraduate studies in another EU country, using national educational assistance for approved courses at approved institutions. In France, grants are available for study in member countries of the Council of Europe.

Dutch students studying in the Flemish Community of Belgium and the three German *Länder* of Bremen, Lower Saxony and North-Rhine Westphalia are also entitled to student support during their full period of study abroad (see section D). Advised by the Netherlands Organisation for International Cooperation in Higher Education (NUFFIC – part of the NARIC network), the Dutch Minister of Education, Culture and Science has designated institutions within the EU and EFTA/EEA countries in which portability for full study abroad is possible for a specified number of courses (e.g. medicine, pharmacy etc.).

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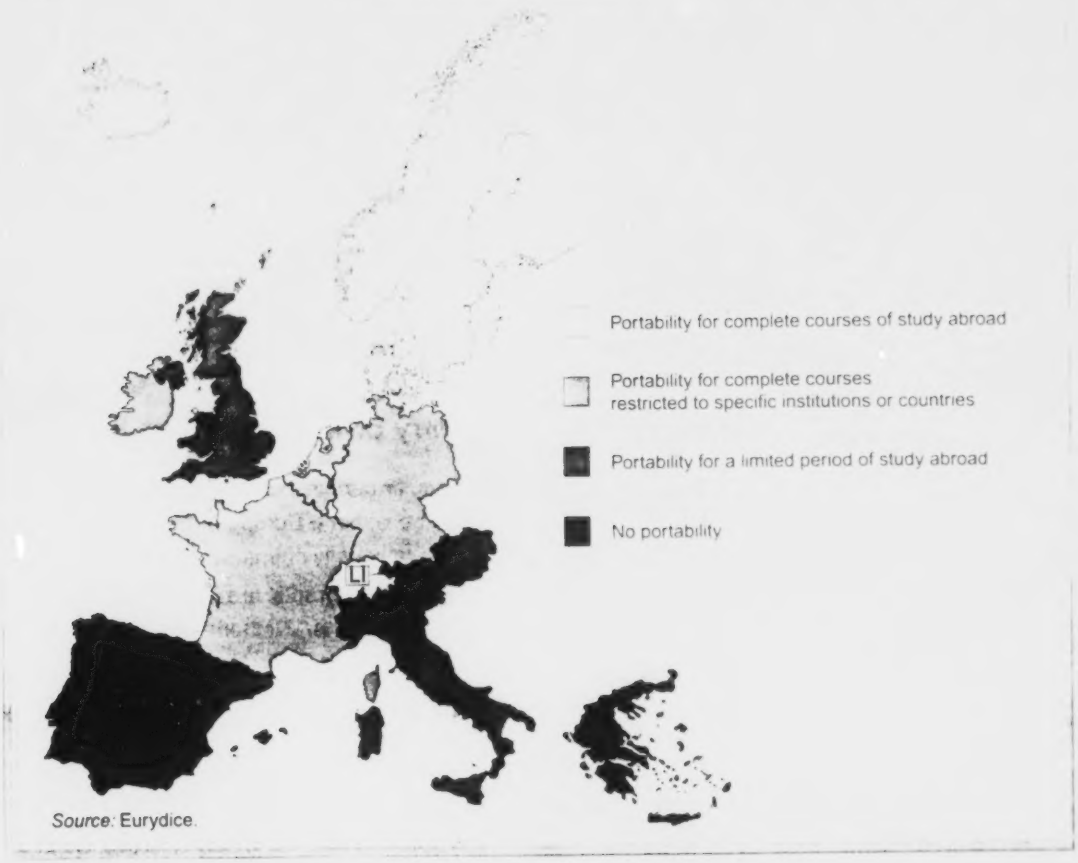
FIGURE I.5.2: PORTABILITY OF SUPPORT FOR UNDERGRADUATE STUDY ABROAD IN ANOTHER EU MEMBER STATE OR EFTA/EEA COUNTRY, 1997/98


Portability for complete courses of study abroad
Portability for complete courses restricted to specific institutions or countries
Portability for a limited period of study abroad
No portability
LI

Source: Eurydice.

- **Portability for study abroad which is only part of the whole course**

In Belgium, Germany, Spain, France, Italy, the Netherlands, Austria and the United Kingdom, portability of support is allowed for a limited period of study abroad.

- **No portability for study abroad**

In a few southern European countries (Greece and Portugal), support for undergraduate study abroad or for a temporary period of study abroad is not possible within the scope of the national system of student support.

B.2. LIMITATIONS ON PORTABILITY

Portability for full study abroad has become increasingly important in so far as some countries have started to extend their arrangements for support. Financial support for courses that provide the applicant with an academic or professional qualification recognised in the home country, is regularly available for the number of years normally required to complete the programme. There may be residence requirements. Persons applying for financial support to study abroad must have lived in the home country for a certain period immediately preceding their departure for this purpose, and must be regarded as only temporarily resident abroad.

The next most usual case for portability is the availability of support for one or two years of full-time study abroad, usually as an integral part of a course in the home country. Regulations in some countries differ from this general model and there are also additional criteria for support in some

countries. These conditions of support refer to the duration of study, the host country and host institution, the question whether the course abroad fits into the organisation of study at the home institution, questions of the correspondence of home study and study abroad and knowledge of the language of the host country. Figure I.5.3 presents an overall picture of the conditions governing financial support for undergraduate study abroad.

B.2.1. Time restrictions

- Study abroad should not last longer than one year or two semesters (Germany), or four semesters (Austria). In Spain, grants are always awarded for a limited period, and cannot cover an entire phase of study.
- In Sweden and Norway, where full study abroad is possible, support is awarded to students abroad for just one academic year at a time. This is to ensure that the academic progress of the students is satisfactory.

B.2.2. Restrictions related to the host country or institution

- Portability may be partly restricted to institutions which fulfil certain requirements in the French Community of Belgium. In Spain, the host institution must be within a European Union country and be approved by the Spanish home institution under an inter-university cooperation agreement
- Portability may be restricted to specific countries: for example, grants are available to Belgian Flemish-speaking students who continue their studies in the Netherlands, even where corresponding courses are offered in the Flemish Community of Belgium.

B.2.3. Course-related restrictions

- In the case of limited periods abroad, it must be proved that foreign study courses are part of a course in the home institution or study programme (Denmark, Spain, France, the Netherlands, Austria, Iceland and, partly, in Finland).
- In the United Kingdom, the period of study abroad must comprise a necessary part of the student's course at the home institution.
- A mastery of the language in the host country must be proven (Germany).
- At the outset, study must have been undertaken in the home country (Germany). The students must have completed the first part of their studies or four semesters (Austria).
- Courses must be full-time undergraduate courses lasting not less than two years, which are pursued in universities or third-level institutions maintained or assisted by recurrent grants from public funds in another European Union country (Ireland).

B.3. Special support

Most countries provide special support or increase grant amounts, where the costs of study abroad are higher than those of the home country.

The period of financial support may be extended. Thus, in Denmark, support may in some cases be awarded for more than four years if the study programme in question is not offered in the home country. In Germany, support is extended to 2½ years on condition that the study undertaken abroad is relevant to the German course in which the student is enrolled. In Finland, the period of support, as well as the amount of the accommodation allowance and state-guaranteed loan, may be significantly increased in the case of study abroad.

FIGURE I.5.3: PORTABILITY OF SUPPORT FOR UNDERGRADUATE STUDY ABROAD, 1997/98

Portability of support for undergraduate study abroad	B fr	B nl	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK (E/W.NI)	UK (SC)	IS	LI	NO
Portability for entire courses abroad			4 years							X				X	X			X	X	X
A study can be used in home country			X																	
A the studies must be a qualification which is recognised in the home country			X															X		
B recognised institutions			X												X			X		
Portability for entire courses abroad restricted to specific countries and/or institutions	X	X		X			X	X			X									
A reciprocity with which agreements do exist	X	X									X									
A course is not available in the home country	X	X		X																
B recognised institutions	X																			
B1 specified institutions for a specified number of courses											X									
Portability for a limited period of study abroad	X	X	X	12 to 21 years		X	X		X		X	2 years		X	X	X	X			X
A part of a study programme of course is relevant to course in the home country	X	X	X	X		X			X		X	X		X	X	X	X			X
A studies were commenced in student's home country			X	X		X					X	X			X					
A studies in the language of the host country				X								X								
A1 part of a modern languages degree																X	X			
No portability for study abroad					X								X							

Source: Eurydice

Denmark If the course can be completed within 4 years, support is given for the whole period. If the course lasts more than 4 years, support can only be given for the final 4 years (in a very few cases, for courses which cover a specific vocational need and which are not available in the country, there is the possibility of support for the entire period of a course).
Germany Study in Denmark for (Germany's) Danish minority.
Ireland Grants only, for approved courses in EU Member States.
Iceland Loans only.

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In general, support is awarded not only for subsistence but also for travelling expenses (Germany, Sweden and Norway).

In Austria, students may top up their grants to cover the additional costs of studying abroad for a ten-month period. In the Netherlands, the portability of support is subject to certain conditions as already pointed out in B.1. and B.2. above. Special grants have nevertheless been introduced with effect from 1998/99 so that students can undertake full-time undergraduate courses in the European Union and EEA/EFTA countries. United Kingdom students, for whom study abroad is a necessary part of the course, may also be eligible for more substantial support. The duration of the study abroad must be longer than eight weeks, and the value of the award depends on the cost of living in the country concerned.

Countries in which no fees are charged may give special support to students who have to pay fees in other countries (Denmark, Germany, Luxembourg, Sweden and Norway).

Finally, Liechtenstein nationals who are not resident in their own country may receive grants to study abroad if in their countries of residence they do not enjoy benefits equivalent to those granted in Liechtenstein. Similar provision exists for German students under certain exceptional circumstances.

C. AVAILABILITY OF SUPPORT FOR POSTGRADUATE STUDY ABROAD

In some countries, the portability of support described in the previous section for students taking a first qualification also applies to students taking a second qualification. These are countries in which support is awarded independently of the level of study: Denmark, Luxembourg, Austria, Finland, Sweden, Iceland, Liechtenstein and Norway.

In Iceland, interest on loans for the payment of tuition fees is subsidised for postgraduate students abroad, although this is not the case for students on overseas undergraduate courses.

In the other countries, where there is a system of student awards based on social and academic criteria, the portability of such support is not widely developed. Instead, support tends to take the form of specific allowances to the most able students for study abroad.

In Belgium, the general system does not include financial support for second-level studies. Students on postgraduate courses abroad may nevertheless obtain specific assistance awarded independently of this mainstream provision. In France, students engaged in research and doctoral studies can obtain grants on the basis of social and academic criteria, but they are not allowed to use these outside the country. On the other hand, specific support for study abroad is available.

In Spain, pre- and post-doctoral grants can be portable, but only in certain cases. However, there are specific grants for study abroad at this level, which cover course fees and removal and travelling expenses. In Italy, doctoral students carry out some of their research abroad. During this period, their grant is raised by 50%. The universities also provide grants for specialisation abroad. In Portugal, the Ministry of Science and Technology supports students on postgraduate (third-stage) courses abroad. In the United Kingdom, students in receipt of support for postgraduate courses may also receive an allowance towards the cost of certain studies abroad, but this applies only in a very small number of cases.

In the other countries, students undertaking research or doctoral studies do not receive public funding to study in their home country. The question of portability does not therefore arise. However, specific support is available to students for foreign study. In Greece, for instance, grants for postgraduate study abroad are determined in relation to the cost of living in the host country, and cover removal expenses, tuition fees (in whole or in part) and a monthly subsistence contribution, as well as expenses linked to the publication of doctoral theses on the completion of courses.

In Germany, postgraduates may obtain state support from three sources (namely, the federal government in the case of especially gifted students, the *Länder* for *post-graduat* students, and the *Graduiertenkollegs* Programme administered by the *Deutsche Forschungsgemeinschaft e.V.*, the German Foundation for Academic Research). These three possibilities enable postgraduates to undertake periods of study abroad. In the Netherlands, specific support for foreign study has been available since 1997/98.

D. THE ROLE OF EDUCATIONAL PROGRAMMES AND BILATERAL AND MULTILATERAL AGREEMENTS

Educational programmes for foreign students, as well as bilateral and multilateral agreements, support student mobility in so far as they build up relations between countries and educational institutions. Indeed, the decision to study abroad is dependent on financial support and recognition from which the foreign course benefits.

D.1. INCENTIVES PROVIDED BY INTERNATIONAL ORGANISATIONS

Back in 1969, the Council of Europe launched a 'European Agreement on continued payment of scholarships to students studying abroad', which has since been ratified by the following EU Member States and EFTA/EEA countries: Germany, Spain, France, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, the United Kingdom, Iceland and Liechtenstein. Students are entitled to the support awarded by their home country, while completing their course in any one of those countries which have ratified the agreement.

Since 1976, the European Community has encouraged students to enrich their education by undertaking part of their course of study outside their home country. The Erasmus programme for the mobility of students in higher education was introduced in 1987 and, since 1995, this activity has been included as part of the Socrates programme. The number of participants in this exchange programme increased eightfold in six years [1]. Within the EU, the policy in favour of portability is strongly encouraged by the European Commission. In September 1996, the Commission published a Green Paper on *Education -Training - Research. The Obstacles to Transnational Mobility* [2] which proposed that the EU Member States completely abandon the territorial principle of single-state scholarships and grants. A similar proposal was made by experts at the international conference organised by the European Council for Student Affairs (ECStA) [3] on the topic of 'Student funding and mobility in Europe' in Strasbourg, also in 1996. Financial support for study is seen in the Commission Green Paper as the decisive contribution to mobility. Mobility in this sense means a change of study location for at least a limited period of time. In the long-term, the aim is that it should be made possible for students to complete entire degree courses in other European countries.

For their part, the Member States have also made similar efforts to support student mobility. They contribute financially under the agreements and in the programmes. For example, they award support to supplement the Erasmus grants. In some countries (Denmark, Spain, Ireland, the Netherlands,

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[1] See *Key data on education in the European Union, 1997*. European Commission, Luxembourg, Office for Official Publications of the European Communities, 1998.

[2] COM(96) (462).

[3] The European Council for Student Affairs was founded in May 1993. The ECStA founding members are organisations and experts involved in the social infrastructure of universities in the EU countries, as well as in those expected to become EU Member States in the future.

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Austria, Finland, Sweden, the United Kingdom, Liechtenstein and Norway), students are also entitled to the usual study support from their home country, in addition to the Erasmus grant. In Spain, students who are awarded a state grant and receive an Erasmus grant may also obtain support for accommodation. In Iceland, however, the Erasmus grant is deducted as income in the calculation of the loan amount.

To promote student mobility and help students make the most of their study abroad, however, the recognition of qualifications gained abroad needs to be improved. 'Undoubtedly, academic recognition of degrees, diplomas, exams, courses and other qualifications is a prerequisite for increased mobility. And both the individual student and the relevant authorities will obviously display a greater interest in mobility in cases in which a course of education can be completed in part or in totality at a host institution without incurring any delays or any extra costs. This reciprocal recognition of courses and examinations has thus formed the cornerstone of major programmes such as Erasmus [1] and NORDPLUS.'[2]

D.2. AGREEMENTS BETWEEN COUNTRIES

Financed by the Nordic Council of Ministers, the NORDPLUS Programme was the result of a special agreement between the Nordic countries. Launched in 1988, this exchange Programme is similar to Erasmus. It awards grants for study in another Nordic country, for a maximum period of one academic year. The number of exchanges has risen considerably in the last five years.

Other agreements already mentioned are those between the Netherlands and the Flemish Community of Belgium, as well as three German *Länder* (Bremen, Lower Saxony and North-Rhine Westphalia). According to these agreements, all Dutch students on full-time courses in higher education there are entitled to student support from the Netherlands. This is subject to the requirement that such courses come within the scope of the financial support system of the country in which the students concerned are studying.

The exchange of students and the recognition of courses undertaken in another country, which are negotiated in these bilateral and multilateral agreements, could be the starting point for a wider approach where portability is granted for more and more countries (see Chapter 6 on support for foreign students).

Liechtenstein has special agreements with Bavaria (Germany), Austria and Switzerland. Similarly, Luxembourg has special agreements with Belgium, Germany, France, Austria and the United Kingdom for the recognition of previous studies in Luxembourg where the first year of university is available within the country.

There is a tendency in the EU Member States and EFTA/EEA countries to support not only complete study programmes abroad, but also a growing number of students who go abroad to complete part of their home-country-based degree studies. This is made possible more particularly through the increasing internationalisation of courses.

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[1] To promote study abroad, the European Community Course Credit Transfer System (ECTS), which provides a way of measuring and comparing learning achievements, and transferring them from one institution to another, has been established under Erasmus (see Commission of the European Communities – Education, Training and Youth – Erasmus, ECTS, Brussels, Luxembourg 1994).

[2] Cf. Council of Europe: Recognition of higher education qualifications: challenges for the next decade, Strasbourg 1996, p. 156.

CHAPTER 6

SUPPORT FOR FOREIGN STUDENTS

This chapter deals in general with support awarded, under the same national provisions as for home students, to foreign students from EU and EFTA/EEA countries. Reference is also made, when information is available, to provision for students from outside the EU Member States and EFTA/EEA countries (referred to as 'third countries'). The perspective adopted is that of the host country. A broad definition of a foreign student is someone who is not a citizen of the country in which he/she is studying. It should, however, be borne in mind that, in many countries, there are resident foreigners as a result of a prior migration by themselves or their parents, i.e. 'resident foreign students', as distinct from those who come to the country expressly for the purpose of pursuing their education, i.e. 'non-resident foreign students'.[1]

In relation to criteria for financial support for studies, some countries make a similar distinction between foreign students and guest students. Foreign students are usually eligible for national study support, as they are resident in the host country for reasons other than their education. If their studies are the main reason for being in the host country, they are considered as guest students and are not eligible for student support under the main national system (for example, in Spain or in Sweden). This chapter, therefore, deals essentially with students who are resident.

While this chapter covers the availability of support to foreign students and the conditions governing its award to them, there are unfortunately no statistical data on the percentage of foreign students that are grant- or loan-holders in each country. However, to give an idea of the size of this group within the student population, we present data on foreign students from another EU Member State or EFTA/EEA country, as well as from third countries.

Besides student financial support under the national system, various scholarships for foreign students may be provided by ministries of foreign affairs (Germany, Spain, France and Portugal) or other ministries (the Flemish Community of Belgium, and Austria) and various foundations. These are not covered in this document.

[1] Unesco, OECD, Eurostat, 1996 Data collection on Education statistics.

A. POPULATION OF FOREIGN STUDENTS

Figure I.6.1 gives a general indication of student mobility within the European Union and the EFTA/EEA countries. The proportion of foreign students moving between these countries is 2.1% of the whole student population, whilst 3% come from third countries. These students from third countries are mainly from the rest of Europe, Africa and Asia.

Those countries with the most foreign students from another EU Member State or EFTA/EEA country are Belgium (5.2%), Austria (5.8%) and the United Kingdom (4.8%) which also host many students from third countries. In these two latter countries, foreign students account for some 10% of the student population.

Among countries which host a large number of foreign students from outside the EU and EFTA/EEA countries are Germany (5.3%), France (5.2%) and Norway (4.4%).

B. CONDITIONS FOR SUPPORT

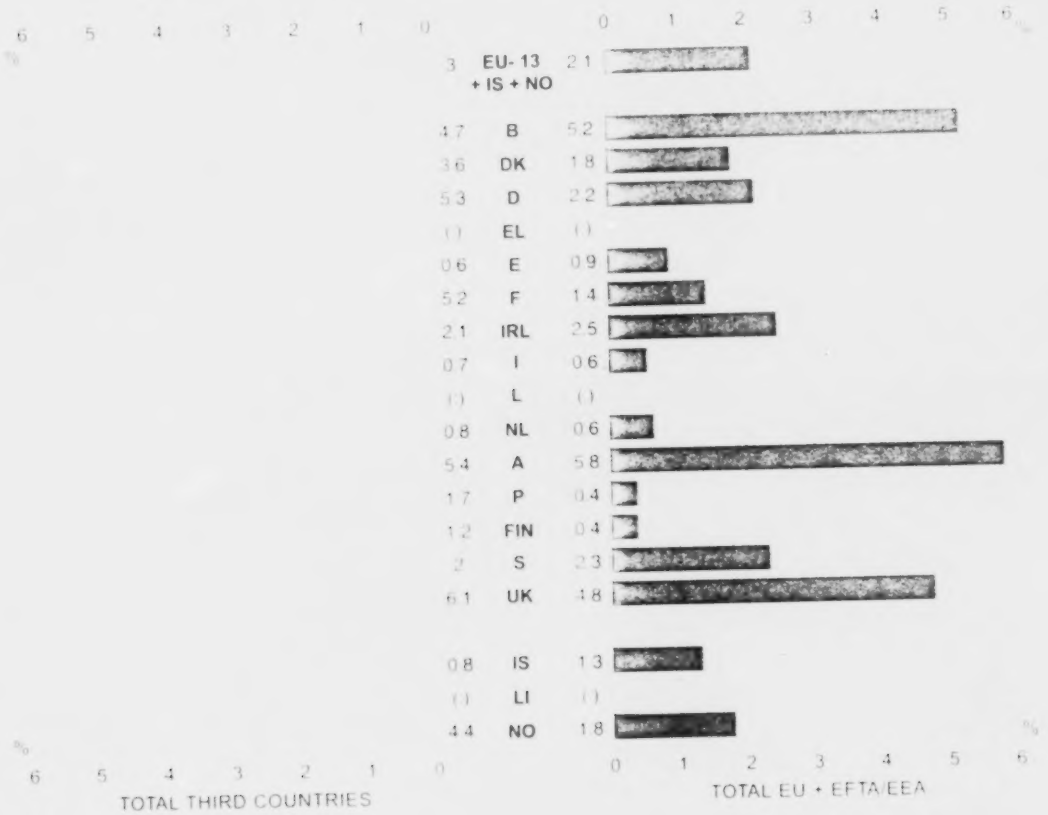
In all countries, certain categories of foreign students who meet specific criteria are eligible for state support under the same national provisions as home students. Besides the payment of tuition fees similar to the fees paid by student nationals, support for foreign students covers the various aspects of support given to the former, i.e. grants and loans, exemption from the payment, where required, of registration or tuition fees, and other social benefits such as assistance for accommodation. As far as the payment of tuition fees is concerned, the European Community provisions as interpreted by the Court of Justice of the European Communities guarantee, on the one hand, equal treatment for students from within the Community and student nationals in access to education and training (Articles 12, 149, and 150 of the Treaty in force since the 1 May 1999, former articles 6, 126 and 127). In practice, this equality principle means that any educational institution must accept student nationals from other Member States in accordance with the same terms applicable to its own nationals. It follows that no additional payment can be required of the former on the grounds of their nationality. As regards other benefits (grants and/or loans meant to cover living costs, possible exemption from tuition fees that may be paid by student nationals, etc.), the provisions are more restrictive. The crucial criteria for their award to foreign students are **employment** and/or **residence** in the host country, and **nationality**.

B.1. Employment

At European Community level, Council Regulation 1612/68 provides for the equality of EC workers and their children in relation to student nationals, in the area of social benefits. Since 1994, this regulation has also applied to the EFTA/EEA countries (under Protocols 29 and 30 in the EEA Agreement: cooperation with the EU in the field of education and training). The Treaty and Regulation 1612/68/EEC have general application. In other words, it is not necessary to have a specific national act for their implementation. According to Article 189 of the Treaty on European Union, they are binding in their entirety and directly applicable in all Member States. The Member States, however, had to adapt their national legislation to the 'requirements' which follow from EC legislation.

In all countries, employment is therefore a fundamental condition for support of nationals from EU Member States and EFTA/EEA countries, who have come to another Member State under the arrangements for free movement of workers within the EU.

FIGURE I.6.1: PERCENTAGE OF HIGHER EDUCATION STUDENTS FROM ANOTHER EU MEMBER STATE OR EFTA/EEA COUNTRY, AS WELL AS FROM THIRD COUNTRIES, 1995/96



Source: Eurostat, UOE

Germany, Spain, France, Austria and **Sweden**: Data for incoming students from EU and EFTA/EEA countries include Erasmus students.
Greece: In 1994/95, 5.8% of foreign students came from third countries and 1.2% from the European Union and EFTA/EEA countries (national data).

EXPLANATORY NOTE

The percentages of foreign students from another EU Member State or EFTA/EEA country, as well as from a third country, are calculated by dividing the respective foreign student population by the total number of students (all nationalities combined) within each country.

As a result, it follows that:

- these migrant workers are entitled to student financial support if they worked before beginning their courses, and if their studies are closely connected to their work in the host country, or if they have become involuntarily unemployed. In Ireland, this only applies to migrant workers from the European Union;
- children of migrant workers are entitled to receive support if their parents (or one of them) either are, or have been, gainfully employed in the host Member State or pursue, or have pursued, activities in the host Member State in accordance with Community regulations on the freedom of establishment and the exchange of services. It is, however, a condition that the children have come to the host Member State in connection with the parents' activities in the country and are resident there, and that the parents are still supporting them;
- the same entitlement is extended to the spouse of the migrant worker who has come with the latter to the host country. In Ireland, this only applies if the spouse is also a European Union national.

Although there are usually no residence requirements for migrant workers and their children, there are exceptions, as in the case of foreign students in Spain, whose families must have resided permanently

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there for at least 183 days before support can be applied for. In order to be eligible for a grant under the Student Support Schemes in Ireland, parents or guardians of candidates – or, in the case of independent mature students, the candidates themselves – should have been ordinarily resident in the administrative area of the local authority/vocational education committee from 1 October of the year prior to entering an approved course. Similar conditions apply to the qualification for student loans in Iceland where, in order to qualify, applicants must have had registered domicile for at least one year prior to commencement of study.

FIGURE I.6.2: SPECIAL RULES FOR MIGRANT WORKERS: SOME DEFINITIONS AND EXPLANATIONS

Migrant workers have special rights under Council Regulation (EEC) No. 1612/68 on freedom of movement for workers within the Community:

Title II of the Regulation deals with 'Employment and equality of treatment'; and Title III with 'Workers' families'.

Those articles which relate to education are:

Article 7 (2), which states that a worker who is national of a Member State 'shall enjoy the same social and tax advantages as national workers' and,

Article 7 (3), which states that a worker who is national of a Member State 'shall also, by virtue of the same right and under the same conditions as national workers, have access to training in vocational schools and retraining centres.'

Article 10 (1) states that the children or spouse of a migrant worker have the right to install themselves with the migrant worker.

There are different judgments from the Court of Justice (CJ) which interpret these regulations.

- **For vocational training and tuition fees**

According to the Gravier judgment of 13 February 1985 (Case 293/83) 'Any form of education which prepares for a qualification for a particular profession, trade or employment or which provides the necessary skills for such a profession, trade or employment ... is vocational training, whatever the age and the level of training of the pupils or students, even if the general training programme includes an element of general education'. According to the Blaizot judgment (Case 24/86), university studies correspond, in general, to these requirements. Furthermore, according to the Gravier judgment, 'The imposition on students who are nationals of other Member States of a ... registration fee ... as a condition of access to vocational training, where the same fee is not imposed on students who are nationals of the host Member State, constitutes discrimination on grounds of nationality contrary to Article 12 of the new Treaty (former Article 6)'. The Blaizot judgment (case 24/86) extended the principle to university courses.

- **For social benefits**

'A grant awarded for maintenance and training with a view to the pursuit of university studies leading to a professional qualification constitutes a social advantage within the meaning of Article 7 (2) of Regulation No. 1612/68' (Lair judgment of 21 June 1988, case 39/86).

The dependent children of migrant workers are entitled to educational assistance as a social benefit to the same extent and under the same conditions as the children of domestic workers (Echternach judgment of 15 March 1989, case 389 and 390/87).

In the Gaal judgment (case C-7/94 of 4 May 1995), the court found that the definition of a child in Article 12 of the Freedom of Movement Regulation was not to be restricted within the Community by an age limit or the requirement of the provision of maintenance. Accordingly, the children of EU citizens have their own right to educational assistance on the basis of Article 12 of this Regulation when they are 21 years of age or older and no longer receive maintenance from their parent(s), if in the past they were entitled to 'freedom of movement as children'.

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B.2. RESIDENCE

While Community law has harmonised student financial support as it affects migrant workers from the EU Member States or EFTA/EEA countries, there are still **differences** between the regulations of the Member States concerning persons who do not have migrant worker status (whether EU or EFTA/EEA nationals, or nationals from third countries). According to European Community provisions, a student national from another Member State who is not, officially, a worker (or a member of the family of a worker) cannot claim support for maintenance expenses, or a grant to cover subsistence expenses. Of course, this does not preclude Member States from deciding, at their own initiative, to let foreign students on their territory benefit from this kind of grant. Each country has its own special regulations, in particular as regards residence requirements for financial support intended to cover maintenance expenses. Indeed, residence plays a vital part in determining the status of migrants, who are entitled to student support in accordance with the following criteria:

- **Duration of residence**
  - at least two years: Flemish Community of Belgium, Denmark, France and Sweden, as well as Finland where there are additional criteria, such as that of residence in the country for purposes other than study;
  - three years: Luxembourg, subject to possession of a Luxembourg secondary school leaving certificate, and the United Kingdom provided that full-time study is not the main reason for residence there;
  - five years: French Community of Belgium, provided that five years of study are completed, unless a Belgian student is receiving support in the host country; Austria, provided that students are resident with one of their parents; Liechtenstein, where this time limit may be reduced to two years if a foreigner's home country offers the same benefits to students from Liechtenstein.

In Ireland, the applicant must be resident from at least 1 October prior to commencing a third level course, provided that full-time study is not the main reason for residence. The residence-related conditions for support in the Netherlands are either that students should hold a residence permit for an indefinite period or, if they are aged less than 21, that they should hold a residence permit for a specific period and that one or both of their parents should have been resident in the Netherlands for an unbroken period of at least three years. There is no condition relating to the length of the period of residence for migrants who are permanent residents.

- **Resident children who have accompanied their parents to the host country**

Children who, together with their parents, have taken up permanent residence in the host country and who, when they entered the country, were aged less than 20 (Denmark and Sweden), 19 (Norway) or 18 (the Netherlands and Finland), are entitled to financial support.

B.3. NATIONALITY

Relationship to a national is another condition for support. Foreign students are entitled to support in Norway irrespective of their residential status, if they are aged at least 19, and if one of their parents or grandparents is a Norwegian national. In Liechtenstein, there is similar entitlement if the mother is a Liechtenstein national.

Refugees also have the right to support in all countries, under certain conditions. Refugees are defined as:

- those who have been resident in the host country for a year and been granted refugee status, in the French Community of Belgium and in France;
- those who are recognised as political refugees, in the Flemish Community of Belgium;

- those who have been given political asylum, or reunited with their family, in Denmark;
- persons who have official refugee status, or who have been granted humanitarian leave to remain in the country, in Ireland;
- those ordinarily resident in the host country, who are recognised as refugees, in Germany and Norway;
- Convention refugees, in Austria.

In Finland, refugees and returning immigrants are exempt from the regulation that foreign students obtain support from the government only if they have lived in the country for at least two years for some purpose other than study, and their residence is considered to be permanent. In Sweden, refugees are entitled to support once their refugee status is officially recognised. In the United Kingdom, students may also be entitled to a grant or a loan if they, their spouses or their parents, are recognised as refugees by the government.

B.4. Combinations of employment, residence and nationality

- **Residence and employment combined**

In Denmark and Sweden, persons who have resided in the host country for an unbroken period of two years or more prior to the time of application, must as a minimum have had a part-time job or practical training during this period; in Germany or Austria, they must have resided in the country for five years and be legally employed. In Norway, the unbroken period of residence has to be at least one year, during which the person must have had a full-time job. Those who have studied for an unbroken period of three years with sufficient progress before applying are also entitled to support.

- **Residence and nationality combined**

In the French Community of Belgium, Turks and nationals from developing countries who have been resident there for five years, and completed five years of study are entitled to support. In Denmark, there is similar entitlement for persons, who immediately prior to the time of application, have been resident there for an unbroken period of two years, and have during this period been married to a Danish national. Permanent residents in Germany are entitled to support, provided that one of their parents is a German national.

C. REGULATIONS RELATED TO PAYMENT OF FEES

C.1. European Union or EFTA/EEA nationals

In general, students from EU and EFTA/EEA Member States are in the same situation as national students, with the exception of Greece where, as a rule, students have to pay registration fees (between PPP/ECU 530 and 750).

In some cases, students from EU or EFTA/EEA countries are subject to the same conditions as nationals of the host country if they satisfy particular residence criteria. In Ireland, the government meets the tuition fees of eligible students who are attending approved third-level courses. In general, eligible students are third-level students who (a) are first-time undergraduates, and (b) are European Union nationals and have been ordinarily resident in an EU Member State for at least three of the five years preceding their entry to an approved third-level course. In the United Kingdom, students from EU countries who have lived in the EEA for the three years immediately before the start of their courses but do not have (or their family does not have) 'migrant worker' status may be eligible for grants to cover tuition fees. They are not eligible for maintenance grants or student loans.

C.2. THIRD COUNTRY NATIONALS

By contrast, in quite a number of Member States, students coming from third (non-EU and non-EFTA/EEA) countries pay higher fees than host country nationals if there is no bilateral agreement with the countries of origin of the students. In Ireland and the United Kingdom, 'overseas' students have to pay fees intended to cover the full cost of teaching.

In Greece, students who have insufficient financial means but are distinguished for both their diligence and good conduct may be exempted from tuition fees. In Austria, incoming students from a third country pay fees of PPP/ECU 272 each semester, with the exception of the following: students who have been resident in Austria for five years and are legally employed; students who have a grant; students who come from developing countries; Convention refugees; and stateless students. Neither are fees due if there is an agreement to this effect between the home country or institution of the students concerned. In Portugal, grant-holders who are nationals of African countries in which Portuguese is the official language are exempt from tuition fees, provided that the same exemption is offered to Portuguese nationals who study in those countries.

To an extent that varies from one host country to another, special groups of foreigners do not have to pay registration or tuition fees.

FIGURE I.6.3: CONDITIONS GOVERNING THE PAYMENT OF TUITION FEES BY FOREIGN STUDENTS FROM THIRD COUNTRIES (OUTSIDE THE EU AND EFTA/EEA), FULL-TIME UNDERGRADUATE, PUBLIC SECTOR, 1997/98

CONDITIONS SIMILAR TO THOSE APPLICABLE TO NATIONALS OF EU AND EFTA/EEA COUNTRIES		CONDITIONS DISTINCT FROM THOSE APPLICABLE TO NATIONALS OF EU AND EFTA/EEA COUNTRIES
No fees for enrolment or tuition	Similar registration or tuition fees	Higher registration or tuition fees
DK, D, FIN, S, NO	**EL, E, F, I, P, NL, IS**	**B, IRL, A, UK**

Source: Eurydice.

D. INTERNATIONALISATION AND SPECIFIC KINDS OF SUPPORT FOR STUDENTS FROM THIRD COUNTRIES

Over and above the developments described, more and more countries have declared **internationalisation** as a priority of educational policy. By so doing, they support not only the mobility of their own students but the enrolment at their higher education institutions of incoming foreign students. Danish universities and colleges have set up certain programmes given in English. In Germany, new study courses with Bachelor's and Master's degrees are being implemented, as well as international study courses. In Spain, universities organise courses for foreigners in Spanish language and culture, and certificates are awarded to students who demonstrate proficiency in Spanish. During the 1990s, Finland witnessed increasing participation in exchange programmes and an internationalisation of the contents of study. Higher education institutions in the UK have been involved in international activities for a number of years, and many institutions have built up extensive networks of links for both student and staff exchanges. Courses that include a European or international dimension are becoming increasingly common and often provide opportunities for study abroad.

There are also signs of greater internationalisation of higher education courses in Iceland. This has been mainly reflected in more courses given in English for foreign students.

Furthermore, several agreements have been signed between EU Member States and EFTA/EEA countries and third countries. These play a crucial role, if we take account of the much higher number of foreign students from these countries in comparison to the number of students from EU Member States and EFTA/EEA countries.

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If students from third countries do not belong to any of the categories of foreigners referred to in section B, they are not entitled to support from the main national systems. They may, however, be eligible for special support. Support for students from third countries includes special scholarships provided by the government under bilateral and multilateral educational agreements and programmes, or by various foundations.

- In Belgium, students from third countries may, under certain circumstances, obtain grants awarded in the French Community by the CGRI (General Commissariat for International Relations) and, until 1999, by the AGCD (General Administration of Cooperation for Development). The education department of the Ministry of the Flemish Community awards grants to foreign students under cooperation agreements.
- In Germany, around 30 organisations offer financial support to foreign students for university courses. The DAAD (a federal government body) is the biggest. It helps students from all other countries to study in Germany, generally after obtaining a first qualification.
- In Greece, there are bilateral educational programmes with Eastern European countries, Azerbaijan, the former Soviet Union, etc. There is a special Development Assistance Committee (DAC) support programme that provides financial support to students coming from developing countries.
- Spain has signed several cooperation agreements with Eastern European countries, countries in Latin America and many other countries.
- France awards grants to students from third countries as part of scientific or technological cooperation programmes, either under grant schemes negotiated with the partner countries concerned, or on an individual basis.
- In Ireland, there is a special scheme for incoming students from developing countries and, in particular, Ethiopia, Lesotho, Sudan, Tanzania and Zambia.
- In Italy, students may benefit from the measures awarded on the basis of competitions. Some Regions and regional student agencies reserve a quota of grants for foreign students. There are also programmes in favour of students from developing countries.
- In Austria, several agreements have been signed with eastern European countries. A multilateral convention called the Central European Exchange Programme for University Studies (CEEPUS) relates to students from Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. Other conventions exist with countries throughout the world and, in particular, the developing countries, for assistance lasting around one year.
- In Portugal, students from Portuguese-speaking African countries may receive grants under the terms of bilateral agreements.
- Liechtenstein has special scholarships for students from Eastern Europe.
- The Nordic countries have developed a special scholarship programme for students from the Baltic States and north-western Russia. For the last ten years in Denmark, specific programmes for citizens from certain Central and Eastern European Countries (CEECs) have been developed and, for many years, there have been special scholarship programmes for students from developing countries. In Sweden, a long tradition of international exchanges also includes provision for students from third countries. In Norway, there is a special programme for citizens of some CEECs and developing countries.

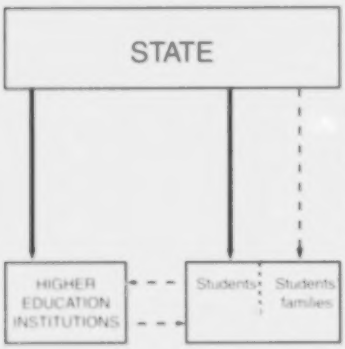
CHAPTER 7

MODELS OF FINANCIAL SUPPORT

The different categories of student support each discussed separately in the first four chapters of Part I now need to be reconsidered as a whole, to show how the overall student financial support systems to which they belong are implemented within the various countries. Figure I.7.1 helps to clarify this integrated approach, by presenting a diagram for each country to illustrate four elements:

- the higher authority that funds support (the State or the Communities in Belgium, the *Länder* in Germany and some Autonomous Communities in Spain),
- the higher education institutions,
- the students,
- the families (parents) of students: families are represented where they themselves receive state support, or where they have a bearing, as a result of their own income, on the award of support to students. Where they have no such part to play, they are not shown.

In some countries, the financial involvement of agencies such as regional or local authorities, or student organisations, is specifically indicated.

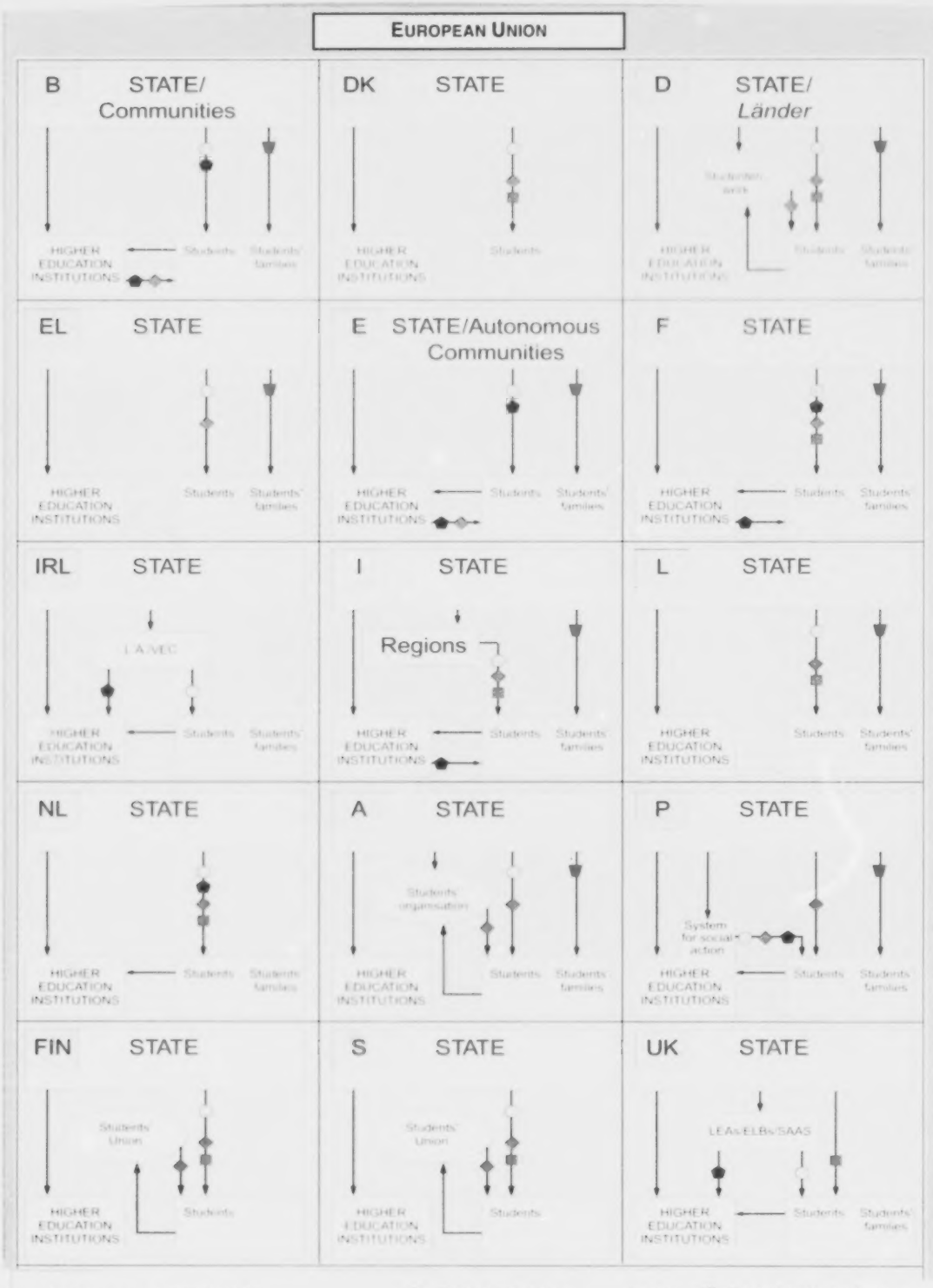


Unbroken vertical arrows represent transfers of support from the relevant authorities to recipients, whether higher education institutions or students. In some cases, a third vertical arrow (dotted here but not in Figure I.7.1 itself) represents support awarded to the parents of students, in the form of family and/or tax allowances.

Horizontal arrows (dotted here but not in Figure I.7.1 itself) represent transfers of support from students or their parents towards higher education institutions, and vice versa. No such arrows mean that the funding of education and student financial support are kept entirely separate, while their presence implies that the two are interrelated.

Finally, the small symbols attached to some arrows indicate the precise forms of support awarded to the various beneficiaries. But they do not appear on arrows going from either the State or students to higher education institutions, since these arrows represent subsidies or payments to support higher education and not financial support to students.

FIGURE I.7.1: SYSTEMS OF STATE FINANCIAL SUPPORT TO STUDENTS ON AN UNDERGRADUATE COURSE IN A STATE INSTITUTION OR ITS EQUIVALENT, 1997/98



Source: Eurydice

Belgium: Loans are available in the French Community.
Portugal: The 1997 law on the funding of publicly-administered higher education includes a measure for the award of student loans that has not yet come into effect.

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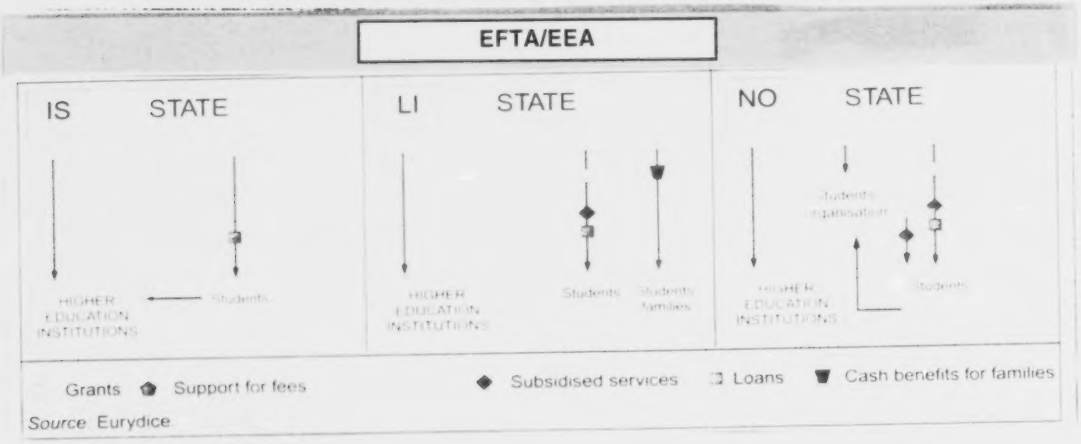
FIGURE I.7.1 (CONTINUED): SYSTEMS OF STATE FINANCIAL SUPPORT TO STUDENTS ON AN UNDERGRADUATE COURSE IN A STATE INSTITUTION OR ITS EQUIVALENT, 1997/98



Source: Eurydice.

EXPLANATORY NOTE

The diagrams show the most representative situation for each country, namely the one applicable to the majority of students. Any variations to this description are indicated in the text.

A. CONSTRUCTING MODELS OF FINANCIAL SUPPORT

Systems of financial support may be distinguished primarily in terms of the following two considerations: the first is the recipient, whether the student alone, or the student and his or her parents; the second is whether the financing of studies and student support are interrelated or kept entirely separate. Where these two basic elements coincide, the four categories of countries already identified in the introduction to Part I become apparent.

FIGURE I.7.2: TWOFOLD BREAKDOWN OF FINANCIAL SUPPORT SYSTEMS, 1997/98

		THE RELATION BETWEEN FINANCING THE COST OF EDUCATION, AND SUPPORT TO STUDENTS	
		INTERRELATIONSHIP	NO INTERRELATIONSHIP
THE RECIPIENT OF SUPPORT	THE STUDENT AND HIS/HER FAMILY	**B, E, F, I, P**	**D, EL, A**
	THE STUDENT ALONE	**IRL, NL, UK**	**DK, FIN, S, IS, NO**

Source: Eurydice.

A.1. FIRST CATEGORY: THE RECIPIENTS OF SUPPORT

Two main models may be identified.

In the upper part of Figure I.7.2 are the countries in which parental responsibility is a basic principle: some of the support is awarded to families (in family and/or tax allowances), while another portion goes to the student (primarily in the form of grants, except in Germany which awards a combination of grants and interest-free loans). In these countries, the support awarded to students takes account of parental income, while some support to families (mainly in family allowances and tax credits) is not means tested. In most systems, tax allowances tend to favour the wealthiest families.

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The lower half of Figure I.7.2 shows countries in which support is channelled exclusively to students (in grants or loans, except in Ireland which only awards grants, and Iceland which only provides for loans) and not to families.

In the Nordic countries, awards are normally unrelated to parental income which has virtually no bearing on the support system. By contrast, awards do take account of student income. Historical analysis (see Part II of the present study) shows that these circumstances are the result of a common trend. In all the countries (except Iceland), support was formerly awarded with respect to parental income, although the rate at which the latter has become irrelevant varies from one country to the next. In fact, it still retains slight significance in Denmark and Finland, in each of which family income remains a criterion in amounts awarded to a very small proportion of students, comprising those aged under 20 in Denmark, and those living with their parents in Finland. Furthermore, in all the Nordic countries with the exception of Sweden, the amount of support is related to where students live, and is far lower when they live with their parents.

Finally, in Ireland, the Netherlands and the United Kingdom, support to students' parents is now virtually non-existent (although in Ireland the parents of students receive family allowances until their children are aged 18 inclusive). Support is thus channelled directly to students themselves, but in contrast to arrangements in the Nordic countries, is still partly related to parental income (grants in Ireland, supplementary grants in the Netherlands and grants in the United Kingdom). Other forms of support are awarded with no means testing (tuition fees in Ireland, basic grants, and loans in the Netherlands and loans in the United Kingdom). In the UK, the 1999/2000 reform to replace grants with loans is abolishing this link with parental income, although it will be retained for many students through the means test for contributions towards tuition fees which was introduced in 1998/99. For students aged over 25, or under certain particular circumstances, the income of students or their spouses will be taken into account.

A.2. Second category: presence or absence of a relation between the financing of education and student support

In many countries, there is no relation between the funding of education and financial support to students.

The first group of countries consists of those in which higher education institutions, including self-governing establishments, are exclusively state-funded. Such institutions charge neither registration nor tuition fees, and play no part in financial support to students. The countries concerned are Denmark, Germany, Greece, Austria, Finland and Sweden and, in the case of study at its own institutions, Luxembourg. However, there are limited divergences from the model in a few regions. Registration fees are now required by higher education institutions in some German *Länder*.

Iceland and Norway also belong to the same group in so far as funding of student support there is unrelated to the financing of state-sector higher education institutions. However, private-sector institutions, which in these countries are in the minority, charge tuition fees whose payment may be covered by support to the students concerned.

By contrast, in the other countries the financing of education and student support are interrelated. One particular feature is common to them, namely that their institutions operate partly on the basis of funding from private sources (in registration or tuition fees). Over and above this common characteristic, several levels of interrelationship may be distinguished.

First, in Belgium, Spain, France and Portugal, most higher education institutions are state financed and charge fees, the amounts of which are fixed by the relevant authorities. Support to students suffering financial hardship includes a contribution to payment of these fees, which amounts to an exemption in the first three countries and a grant for the purpose of their payment in Portugal. In

Belgium, Spain and France, institutions may also decide to exempt some students from payment. In general, state-authorised exemption, whether total or partial, does not affect institutional budgets, whereas exemption by institutions is borne by them directly.

In France, private institutions are partially state subsidised and charge tuition fees. Here, students are offered support for fees payment in the form of a state grant. In Spain and Portugal, private institutions are not directly state subsidised, and charge substantial tuition fees whose payment by students may, however, be covered at least partially by state grants. In Portugal, family cash benefits include possible tax allowances on payment of tuition fees. In four countries, the interaction between the funding of education and financial support is more complex still.

Institutions in Ireland require payment of tuition fees. However, since 1996, these fees have been abolished to be replaced by a state subsidy for most students, which is paid to the institution concerned. Yet it would seem that, in budgetary terms, these amounts still come under the heading of support to students. The funding of education and student support thus continue to be very strongly interrelated. Furthermore, students continue to pay registration fees from which student grant-holders are exempt.

In Italy, both state and private institutions determine the amounts of tuition fees, but the former have to fix them on a sliding scale linked to the income and capital of parents, in accordance with a national regulation. Students entitled to a grant are automatically exempt from the payment of fees, while institutions may also decide to exempt some students. Furthermore, fees paid by students on registration partly contribute to the budgets of the regional services that channel support to students, whether as grants, loans or subsidised services. And family cash benefits include partial tax deductions on payment of tuition fees.

In the Netherlands, the amounts of (statutory) tuition fees charged by higher education institutions are fixed by the government in the case of those students entitled to financial support (the majority). The latter receive support in cash, as grants and interest-bearing loans. The amount concerned includes an element for the payment of statutory tuition fees. Where students are not (or no longer) entitled to basic support (for example when they are older than 27), they have to pay tuition fees determined by their institutions, the amount of which must be at least equal to that of statutory tuition fees. In such a system, any change in the conditions governing the award of support has implications for the funding of institutions.

In the United Kingdom, until 1997/98, tuition fees were paid directly to higher education institutions by the relevant authorities in the case of most undergraduates, provided they successfully completed their studies. Amounts so paid were standardised by the government, and higher education institutions generally conformed to them. Since 1998/99, the system has undergone extensive reform: students are paying contributions towards their tuition fees, with the amounts depending on their own income or that of their parents or spouses.

B. OTHER CRITERIA FOR ANALYSIS

B.1. Extent to which support is centralised

Most countries have one characteristic in common, namely that the provision and management of support is the responsibility of the State, even though in certain cases administration is entrusted to regional or local divisions of the ministry. Thus, in France, the award of grants to students and the development of subsidised services is handled at regional level by the CROUS. The budget and operational regulations are determined at national level. In Portugal, 'social action' services at each higher education institution award grants and develop different public-sector services. But the budget and the regulations governing support are nonetheless fixed at central level.

Although the regulations are also determined at national level in Ireland, Italy and the United Kingdom, these three countries stand out as regards the important part played by local authorities in provision of support (except in Scotland where the decisions themselves are taken at central level). In Ireland, the local authorities manage the allocation of grants which are funded by the State. In Italy, regional services responsible for the award of support receive contributions both from the regions and the students. However, it appears as though the State is funding a growing proportion of the budget of these regional services. In England, Wales and Northern Ireland, grants and tuition fees have been paid by the relevant authorities reimbursed by the State. However, it should be noted that the effect of the change in regulations governing grants and tuition fees is to lessen this action by local authorities, with the award of grants being managed at central level. The relevant authorities will still be responsible for assessing eligibility for support for tuition fees and living cost loans, even though loans will be administered through the Student Loans Company.

Several decisions are taken at decentralised level in countries in which student organisations are involved in administration of support (Germany, Austria, Finland, Sweden and Norway). In all cases, the latter is essentially concerned with the provision of services and is organised wholly or partly on the basis of contributions from students.

Finally, Belgium appears to have a system in which major decisions are taken at a very decentralised level: a significant share of the 'social support' budget is allocated to the corresponding services of higher education institutions which distribute it as they wish among the different activities entailed (catering, accommodation, grants, etc.).

B.2. The relevance of study attainment or satisfactory progress of students

Although this factor is not indicated in Figure I.7.1, it is an important feature of financial support and thus belongs to this attempt to construct representative models. In general, means testing and the satisfactory progress of students are very closely related. In countries in which support goes to families, means-tested assistance (grants and loans) takes account of student attainment, while assistance that is not means tested (as in the case of family allowances) is provided independently of the results of students. This applies to Belgium, Greece, Spain, France, Italy, Luxembourg, Portugal and Liechtenstein. One country, Austria, is an exception to this rule. The regulations governing assistance to families that is not means tested, has recently been amended there. Such assistance is now cut off when students continue their courses beyond the authorised period.

Furthermore, in three German *Lander*, students who continue their courses for longer than an acceptable period no longer receive grants (though they may take out interest-bearing loans), and can expect to pay much higher tuition fees.

In the Nordic countries, the period of support awarded exclusively to students is limited and its continuation depends on successful completion of a minimum study schedule. Iceland appears to be more restrictive, with continued support dependent on satisfactory completion of each semester.

Finally, student attainment has always been a condition for the award of support in Ireland and the United Kingdom while, since 1993/94, it has become increasingly determinant in the Netherlands.

The significance of study attainment varies from country to country. In some countries, each academic year has to be successfully completed, though with occasional authorisation to repeat a year, whereas, in others, the key consideration is the completion of studies within a limited period that may correspond to the formal length of courses, or one or two additional years. However, it would seem that, in this area, countries are becoming increasingly similar, and that the relation between support and successful study is tending to become more uniform, as will be discussed further in Part II.

To sum up, while it is possible to classify countries in accordance with the kind of support offered students, constructing models of support is less straightforward. Each country has developed its own particular system from the constant search for a balance between basic principles and contextual factors. History has no doubt had a central part to play in shaping current systems, as will be explained in Part II of this study, which will be devoted to the contextual analysis of financial support systems.

Part II

Contextual Analysis

The comparative analysis is based on the contributions of national experts specialised in the field, who were appointed by the Socrates Committee and whose names are listed at the end of the study. They have made every effort to report in detail on the way in which the systems in their countries have developed, by defining as precisely as possible the context in which changes have taken place or, in appropriate cases, by explaining clearly why reform did not occur and the system remained stable.

INTRODUCTION

In Part I of this study, each component in current student financial support systems was examined in detail in separate chapters. Then, in Chapter 7, the basic configuration of each system was presented in flow diagrams illustrating a series of operational models. The aim of this second part of the study is to provide a better understanding of the situation in each country, and identify the most conspicuous trends currently emerging. In order to do so, it is important to consider the features of systems at the outset, and examine how they have developed since then. This presupposes a historical analysis of the main reforms that have taken place in recent decades. In order to be comprehensive in attempting to explain the main reasons for the developments concerned, this analysis has to focus not only on the basic principles of systems and the aims underlying reforms, but also the political, social and economic contexts in which they have occurred. In other words, the factors governing the way in which systems have evolved need to be identified. Establishing a relationship between these different elements is central to the analysis.

The comparative analysis within Part II is sub-divided into three chapters.

The first chapter describes the development of each system, taking as its starting point the establishment of so-called 'contemporary' systems as defined in the introduction to the chapter. In its first two sections, the number and frequency of reforms and, above all, their content, are examined in detail.

As the concept of reform is central to this first chapter, a precise but sufficiently broad definition is required to take account of all measures liable to affect student support systems. Accordingly, reform is defined as a change in public policy implying a change in the form of support, the amounts awarded or the criteria governing their award. Depending on the political and administrative body in the country concerned, a policy change of this kind may be implemented either by means of legislation, or by adapting or revising the regulations for implementing an existing law, without however amending it. In both cases, the reform will be based on governmental or parliamentary initiative. As a result, this first chapter regards reform as any political change deriving from administrative or legislative action.

In the next section of the same chapter, a time series indicates trends in the amounts of support, the number of recipients and tuition fees. The accompanying explanation draws on elements from the analysis in the preceding sections. Presented on a country-by-country basis, these data are used to qualify or point up the significance of certain phenomena.

The complexity of situations evident from the analysis in the first chapter explains the significance of the model analysis used in Chapter 2. This analytical model of the origins of systems and the factors underlying their reform is presented in detail in the introduction to the chapter. The relevant hypotheses and parameters defined in it explain why, in the interests of an in-depth investigation of the circumstances surrounding the emergence of the systems and the factors that have influenced their development, countries have been grouped together on the basis of how their systems were initially structured.

Within this study, therefore, the expression 'contextual analysis' means more than simply the various influences affecting the occurrence of a reform at any particular time during the period concerned. For the chapter demonstrates how only interrelating the different variables can help to explain how the majority of systems have developed. The components of a particular system of support are the products of the interaction between a given social, political and economic context and the aims pursued by the system. As chapter 2 makes clear, no analysis of the factors leading to the various reforms of the last 30 years is possible without articulating this group of parameters.

Finally the last chapter gives an account of the major debates and current issues linked to the whole question of financial support. Among the themes identified, the different perspectives regarding the financial independence of young people from their parents receive special emphasis. The issue is a sensitive one because it is related to the possible dependence of students on the income of their parents in the award of support and, in most cases, the provision of assistance to families. The principle of personal contributions as opposed to the responsibility of the State is also the focus of a great deal of discussion that covers the question of tuition fees and the terms governing loans. As the final section of the same chapter also illustrates, evaluation conducted in some countries reveals that socially balanced student enrolment in higher education as a means to greater social mobility is a significant issue in much ongoing debate.

Tables summarising the main historical events in the development of arrangements for financial support in each country are provided in an annex. They offer readers details regarding the dates and content of reforms, as well as their main aims and the general context in which they were introduced.

CHAPTER 1

HOW SUPPORT SYSTEMS HAVE DEVELOPED

This chapter describes how the various systems of student financial support have developed in 18 European countries, in the light of the different reforms that have altered them.

From a methodological standpoint, the present chapter will be divided into two stages, starting with a historical account of the origins of modern student support systems. It will then describe their different patterns of development, while seeking to determine the extent to which all the systems share common trends in this respect.

A. THE ORIGIN OF STUDENT FINANCIAL SUPPORT SYSTEMS

A sound grasp of student support systems depends, in part, on a consideration of their origins. In addition to initial developments in contemporary systems, it is therefore important to analyse forms of student support that existed in the past.

A.1. INITIAL FORMS OF STUDENT SUPPORT

In most European countries, national student support systems were established in the 1960s. However, several countries already possessed their own arrangements for support before then. In general, measures were introduced at the outset to meet the needs of gifted students whose limited means excluded them from both secondary and higher education. For this reason, grant and/or loan support was first awarded in most countries on the basis of merit, although it was intended for (financially) poor students who would have been unable to continue their studies without financial assistance.

One of the earliest references to the existence of support for students is from Liechtenstein. In Vaduz in 1689, the *Studienstiftung* (Study Foundation) established by a priest, awarded grants to needy students who demonstrated sufficient ability to benefit from a university education. Here, as in other European countries, a tradition of student support provided by foundations and lay or religious charitable organisations continued up to the introduction of current state provision. In addition, higher education institutions often developed their own arrangements for support.

In the 19th and early 20th centuries, the State became more involved in assisting students than previously. During this period, certain European countries developed relatively different arrangements, albeit in pursuit of the common goal of helping academic ability overcome the restrictions of financial hardship, by means of grants or loans, or through subsidised board and lodging. In most cases, applicants for support had to demonstrate exceptional ability and sit a special exam before entering higher education, or obtain the best marks at the end of each academic year.

Figure II.1.1 summarises the main features of support in Europe at the start of the 1950s, describing the origin and nature of grant and/or loan cash support to students. However, it does not include other forms of assistance, such as reductions in, or exemption from, registration and/or tuition fees, support awarded to the parents of students or subsidies for meals and accommodation.

FIGURE II.1.1: ORIGIN OF (GRANT AND/OR LOAN) CASH SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES, 1950

TYPE OF SUPPORT / MAIN BUDGETARY SOURCE	GRANTS	GRANTS AND LOANS	LOANS
HIGHER EDUCATION INSTITUTIONS	**A, P, IS**	**FIN**	
PUBLIC LOCAL AUTHORITIES	**IRL, UK**		
CENTRAL GOVERNMENT PROVISION	**E, F, I, FIN, IS**	**B, DK, S**	**L, NL, NO**

Source: Eurydice

Germany: Support administered by the *Lander* (the Honnefer model, since 1953); no data available previously.
Greece: Information not available.
France: *Prêts d'honneur* existed from1933, but as a minor element in overall arrangements.
Netherlands and **Norway**: Grants were awarded on a very limited scale by higher education institutions.
Finland: Scholarships were centrally administered from 1948 onwards.
Iceland: Grants were centrally administered for study abroad.
Liechtenstein: Until 1961, the award of public support was not based on any legislation.

Clearly, at the start of the 1950s, grant support was adopted in a great many countries. Very few countries offered nothing but loans. As figure II.1.1 implies, the different forms of assistance could be broadly classified as follows:

Higher education institutions

This heading groups together countries in which cash support was, during the period concerned, awarded solely by such institutions, which possessed their own independent arrangements for support. Provision of this kind existed in Austria, Portugal and Iceland, although Iceland was a special case in having only a single university at the time. Grants were the main form of assistance. In Finland, both loans and grants were allocated by higher education institutions to students who had successfully completed their first year of study.

Public local authorities

Support from sources under this heading was characteristic of countries with a traditionally decentralised education system, in which local and regional authorities were responsible for the administration and funding of education, as in the United Kingdom and Ireland. In some cases, individual higher education institutions or even the central government supplemented assistance from these local outlets.

Central government provision

Support organised in this way was already widespread in the 1950s. It was to be found in countries whose educational system was at the time centrally administered, and whose higher education institutions were granted only limited autonomy by central government. Support under such arrangements included the following possibilities: grants in Spain, Italy and Finland for first-year students and, in Iceland, for students studying abroad; grants and loans from the University Foundation in Belgium; grants and loans in Denmark and Sweden; loans in Luxembourg that could be converted into grants; and loans in the Netherlands and Norway, with a very limited number of grants awarded by higher education institutions.

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A.2. THE ESTABLISHMENT OF CONTEMPORARY STUDENT SUPPORT SYSTEMS

Within the context of this study, the time at which the contemporary system was established is defined as that at which, in contrast to the previous situation, a national public-sector student support policy was developed and implemented. This policy sought to open up higher education to students from underprivileged socio-economic backgrounds in accordance with nationally determined criteria.

In most countries, the introduction of contemporary systems also corresponds to a major conceptual change in the definition of the student population entitled to support, in comparison with previous forms of assistance. For there is a significant difference between helping a limited number of extremely gifted students, and channelling support to students on the basis of broader social and economic criteria. Furthermore, implementation of most of today's student support systems was inspired by the determination of nation states to make support an instrument of social policy. This attitude was consistent with the concept of the Welfare State developed during the same period in many European countries. The year in which modern student financial support systems were established in each country is shown in Figure II.1.2.

FIGURE II.1.2: YEAR IN WHICH CONTEMPORARY STUDENT SUPPORT SYSTEMS WERE INTRODUCED

EUROPEAN UNION											
B	DK	D	EL	E	F	IRL	I	L	NL	A	P
1971	1970	1971	1964	1960	End of the 19th century	1968	1963	1977	1956	1963	1977

EUROPEAN UNION		
FIN	S	UK
1969	1965	1962

EFTA/EEA		
IS	LI	NO
1952	1961	1947

Source: Eurydice.

A glance at the figure shows that today's systems were created at different times and, therefore, in very different historical circumstances. While most were introduced during the 1960s, in some countries they were established sooner (as in France, the Netherlands, Iceland and Norway), or later (as in the case of Luxembourg and Portugal).

In all cases, contemporary student support systems have been set up following official legislation. However, in some countries, the laws concerned have entailed the improvement or formal enunciation of decentralised or piecemeal measures and arrangements already in existence.

In countries in which support at the outset was decentralised and provided in a variety of forms, the establishment of the current system primarily represented an effort to centralise responsibility for social policy that was considered of great importance. In Germany, this need for a central frame of reference contributed to adoption of the BAföG in 1971. Another obvious example was the creation of the Higher Education Grants Scheme in Ireland in 1968, which applied to the whole country. The same may be said of the United Kingdom following the recommendations of the 1960 Anderson Report. However, rather than resulting in the creation of a special agency for all parts of the country, this led, in 1962, to a law aimed at ensuring the use of uniform criteria for the award of grants by local education authorities throughout England, Wales and Northern Ireland. In Scotland, the recommendations of the Report led to the setting up of a national structure in the Student Awards Branch of the Scottish Education Department (Ministry).

In some countries — such as the Netherlands, Iceland and Norway — the introduction of the support system coincided with the constitution of a national fund as the main source of support. In Belgium, Denmark and Sweden, this kind of fund already existed at the start of the 1950s to assist gifted students, prior to the establishment of arrangements geared to helping financially poor students irrespective of their academic merit.

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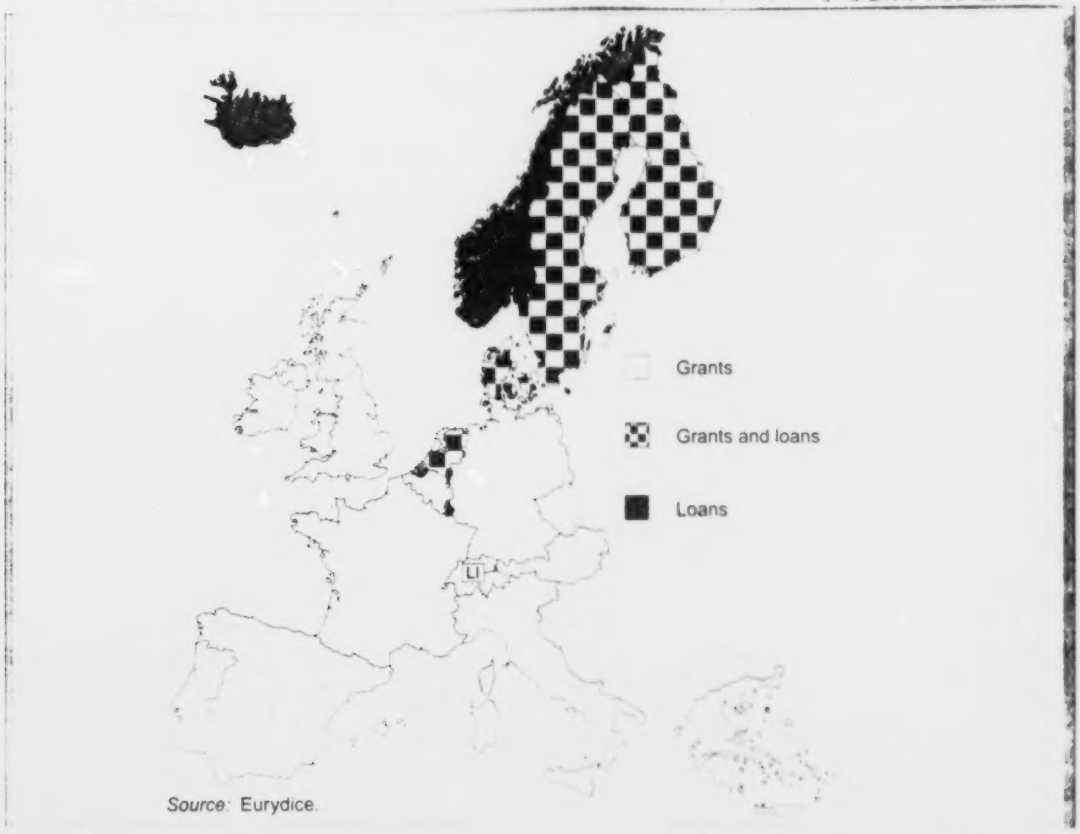
The kind of support on offer is a further aspect of the changes adopted in some countries when their current system was initiated. Figure II.1.3 illustrates the main forms of grant and/or loan support introduced when the current systems were set up.

The figure shows how, at the outset, over half the countries opted for a system based exclusively on grants, whereas the others moved towards arrangements combining both forms of support. Iceland and Norway were alone in developing systems based solely on loans.

FIGURE II.1.3: FORMS OF STUDENT (GRANT AND/OR LOAN) SUPPORT WHEN CONTEMPORARY NATIONAL SYSTEMS OF SUPPORT TO STUDENTS ON UNDERGRADUATE COURSES WERE ESTABLISHED



Source: Eurydice.

The dates at which contemporary systems for student financial support were first introduced vary depending on the country concerned (see Figure II.1.2).
Belgium: The 1971 reform provided for a loans system that was not implemented.
France: *Prêts d'honneur* existed from1933, but as a minor element in overall arrangements.

The relation between support as offered under the present system and previous forms of support is of interest. It is clear from a comparison of Figures II.1.1 and II.1.3 that most countries which offered grants, occasionally via their higher education institutions, continued to do so when the system became national and/or was extended to all students, irrespective of ability. Only two countries switched their emphasis. In 1952, Iceland converted its system of grants for a very limited number of students to loan support for all students, while Liechtenstein opted for combined grant and loan arrangements.

Countries that already offered grants and loans combined continued to do so. They were joined by others – Luxembourg and the Netherlands – that mainly offered loans on a centralised basis. Norway, which had set up its present-day system of support in 1947 centralised the award of grants and loans a few years later in 1956.

B. THE DEVELOPMENT OF CONTEMPORARY STUDENT SUPPORT SYSTEMS

Since their establishment, modern student support systems have attracted considerable political interest, resulting in several reforms, the pace of which has gradually intensified. First, a quantitative analysis of the successive reforms is provided. In order to present a comprehensive view of the number of reforms, this analysis first covers all countries grouped together, and then considers each country in turn. This is followed by a qualitative analysis of the nature and content of the reforms.

B.1. FREQUENCY OF THE REFORMS

The first question of interest concerns the frequency of reforms related to student support, in the last 40 years. Viewed as a whole, such support is a recurrent topic in political debate and, in some countries, has become a very controversial issue. The number of reforms in the EU and EFTA/EEA countries is remarkable. In the 18 countries concerned, around 100 initiatives may be noted during the period under consideration.

The chronological aspect is essential to a better grasp of the way the various contemporary student support systems have developed. Figure II.1.4 shows the number of reforms carried out every ten years, with all countries bracketed together. It indicates that this number has risen in each decade, partly because the most recent systems were set up at the end of the 1970s, and partly also, no doubt, because minor changes in recent decades have for good reasons attracted greater attention. Nevertheless, it is in the 1990s that the most reforms have occurred, in some countries as a result of the gathering pace in their number after a period of relative stability, as shown in Figure II.1.5.

FIGURE II.1.4: NUMBER OF REFORMS IN EACH DECADE, ALL COUNTRIES

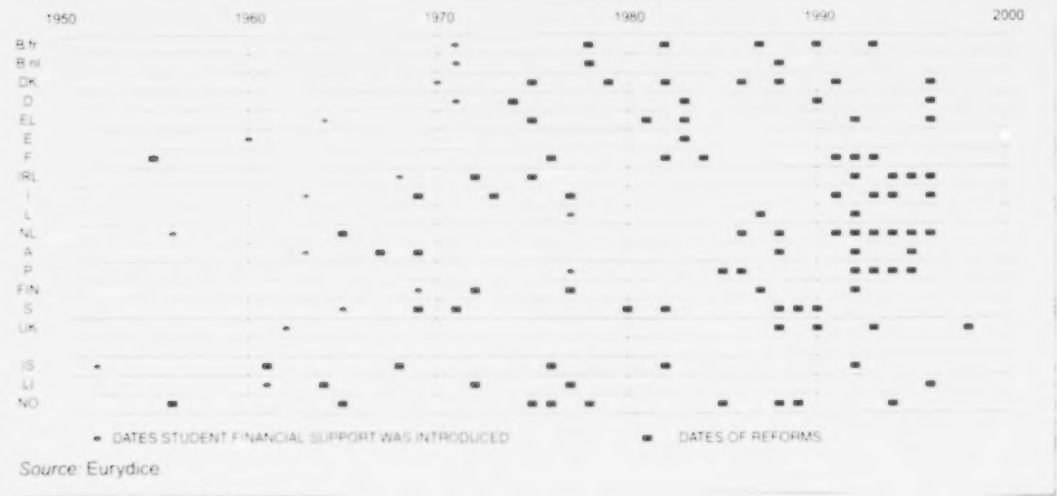
Source Eurydice

For each country, Figure II.1.5 gives the dates of the various reforms. It shows that, while some countries have experienced very many reforms (such as Denmark, Italy, the Netherlands, Sweden and Norway), others, like Spain, have witnessed only a few.

In Belgium, the Communities have been responsible for the award of financial support to students since the beginning of the 1970s, a point which justifies a separate analysis of the French and Flemish Communities.

The rate of reform has also varied. In some cases, it has been steady, as the student support systems concerned go through one or two reforms every ten years. By contrast, in five countries, most reforms have been concentrated in the last ten years, following a period of relative stability. This applies to Ireland, Italy, the Netherlands, Portugal and the United Kingdom.

FIGURE II.1.5: NUMBER AND FREQUENCY OF REFORMS BY COUNTRY, 1950 TO THE PRESENT



Source: Eurydice

B.2. NATURE AND CONTENT OF REFORMS

This section sets out to analyse the development of student support systems in terms of the nature and content of the reforms that have occurred successively in recent decades. It is important, first, that its scope should be clearly defined.

First of all, it gives no precise indication as to the number or proportion of beneficiaries, even where reforms are concerned with changes in the conditions governing the award of assistance. Secondly, the analysis says nothing about the way in which support does or does not cover costs of living. In circumstances in which the cost of living is constantly rising, a system not adapted or reformed may change just as much as one that is constantly amended. For if the amount of support does not keep pace with inflation it may rapidly become inadequate. Furthermore, where assistance is linked to family income, and its scaled amounts are unrelated or poorly related to the price index, the number of families eligible for it drops rapidly and, with it, the number of student recipients. For this reason, the discussion on reforms will be rounded off with detailed information (in section C at the end of the chapter) on trends in the number of beneficiaries over the last ten years.

Any reform is part of a system of financial support peculiar to each country, so it is difficult, if not impossible, to compare reforms or take stock of them overall, independently of their particular national context. The present comparison is thus based on groups of countries whose systems at the outset were broadly similar.

Basically, the countries considered have been identified with regard to the kind of support adopted when their modern systems were first established, namely financial assistance based on the award of grants, combinations of grants and loans, or just loans. In this investigation of the content of reforms, those relating to other forms of support (including tax and family allowances, assistance in the payment of registration fees, but also subsidised housing, transport and meals, etc.) are also considered. As a result, the following distinctions may be made:

1. Countries in which financial support is based mainly on the award of grants.
   - **The award mainly of grants with support to the parents of students**: Belgium, Greece, Spain, France, Ireland (until 1995), Italy, Austria, Portugal and the United Kingdom (up to 1990). Loans systems in existence in the French Community of Belgium, France and Italy are a relatively minor element in overall arrangements for support.
2. Countries in which financial support is based on combinations of grants and loans. Countries here may be distinguished according to whether assistance is also offered to the parents of students.

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- **Grant and loan support in combination, together with assistance to the parents of students:** Germany (from 1973), Luxembourg, the Netherlands (until 1986) and Liechtenstein. Germany does not belong to this group quite as strictly as the other countries, since the German system was launched with just the award of grants. However, loans were introduced only three years after the system was established.
- **A combination of grants and loans, or solely loans, without assistance to the parents of students:** Denmark, the Netherlands (from 1986), Finland, Sweden, the United Kingdom (from 1990), Iceland, Norway.

The extent of the reforms which occurred in the Netherlands in 1986 and in the United Kingdom in 1990 calls for a separate analysis of changes introduced in both countries, both before and after the reforms concerned.

B.2.1. The development of systems based mainly on the award of grants, with assistance to the parents of students

These systems, which are unquestionably among the most complex, may be defined with respect to certain variables relating to grant amounts, the scale of support in the form of services, the categories of students eligible, the conditions governing the award of support and its continuation (the part played by merit and attainment) and assistance provided to the parents of students. Two other factors have also to be taken into account, namely the payment of registration and/or tuition fees, and the introduction of loans. Figure II.1.6 aims to summarise developments in terms of an increase or decrease in these different variables. It shows how, despite a divergence in individual trends, support in each of the countries is conditioned by these factors throughout the four decades under consideration.

FIGURE II.1.6: REFORMS IN COUNTRIES IN WHICH FINANCIAL SUPPORT SYSTEMS ARE BASED MAINLY ON THE AWARD OF GRANTS, WITH ASSISTANCE TO THE PARENTS OF STUDENTS. TRENDS BETWEEN 1960 AND 1997

	B	EL	E	F	I	IRL	A	P	UK (until 1990)
AMOUNT OF THE GRANT	No adjustment; decrease	No adjustment; decrease	✗	Increase (basic student package)	Increase (1996)	Adjustment; increase	Decrease; then increase	Increase	Decrease
SUPPORT IN THE FORM OF SERVICES	Decrease (social services)	Increase (meals)	✗	Increase (accommodation; meals)	Decrease (meals); slight increase (accommodation)	✗	Decrease (transport)	Decrease (meals); increase (accommodation)	✗
CATEGORIES OF ELIGIBLE STUDENTS	Extension (B fr); ✗ (B nl)	✗	✗	✗	✗	Extension	Extension	Extension (private sector)	✗
CONDITIONS GOVERNING AWARD	Abolition of merit-linked conditions	Decrease in the importance of merit	✗	✗	Decrease in the importance of merit	Attainment requirement abolished	✗	Attainment requirement abolished	✗
CONDITIONS GOVERNING CONTINUED SUPPORT	✗	✗	One unsuccessful course possible	✗	Attainment required	✗	✗	Two unsuccessful years possible	✗
ASSISTANCE TO THE PARENTS OF STUDENTS	Abolition of scaled tax allowances	✗	✗	Additional tax allowances	✗	Implemented and then abolished in 1995	Big reductions (attainment-linked)	Additional tax allowances	✗
TUITION FEES	Increase	(-)	✗	Increase	Increase	Increase and then abolished from 1996	(-)	Increase	✗
LOANS	Yes, but on a modest scale	Yes, then abolished	No	✗	Yes, but on a modest scale	No	No	No	Yes, in 1990

✗ NO REFORM

Source: Eurydice

United Kingdom: For reforms after 1990, see B.2.3

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The amount of the grant

Depending on how support is conceived, grants may cover part of the student cost of living or the whole of it. When modern national systems were first set up, grants were not generally meant to cover the entire cost of living. However, the amount of support changed in two countries. In France, the cost of living of students was reviewed in 1984, so that the amount of the grant corresponded to the difference observed between the 'student package' and the 'theoretical family contribution'. In Italy, grant amounts were substantially increased in 1996 as part of reform relating to the liberalisation of tuition fees charged by institutions, the introduction of a regional tax for all students on registration as a contribution to the budget for social assistance to them, and the establishment of a national fund incorporating grants and loans. In Portugal, grant amounts rose markedly in 1992, but the family contribution remained relatively significant. In Austria, grants were initially meant to cover the entire cost of living. In 1969, when the number of students was expected to rise, the amount of support fell with the introduction of family contributions. But, since 1992, grants have again been intended to cover the entire cost of living.

No reforms regarding the amount of the grant appear to have occurred in Spain. In Belgium and in Greece, the real amounts have gradually fallen, as they did in the United Kingdom until 1990. These decreases have not been the result of reforms, but insufficient adaptation of the amounts to changes in the cost of living.

Support in the form of services

Reforms aimed at developing social services to students were introduced in Belgium in the 1960s (related to the increased budgets for social services organised by institutions), in Italy in the 1970s (award of part of the grant in the form of services), in France, in the 1980s and 1990s (an increase in accommodation and catering facilities and improvements to both, as well as support for transport), and in Portugal in the 1990s (more housing and the provision of meals).

In the 1990s, this trend towards the development of services slackened in the French Community of Belgium (reduced state subsidies to universities for them to organise services), France, Italy and Portugal. In France, the share represented by the cost of meals in the budget decreased in line with the recommendations of the Domenach Report. In Italy, the 1991 law to boost grant support that had been steadily diminishing, limited the share of support provided in the form of subsidised meals. This reform was part of a general overhaul of the system, to move from support that was limited but widely available to more targeted assistance. In Portugal, a similar shift from universal to targeted support occurred during the 1980s, with a decrease in the share of amounts awarded for subsidised meals (from 50% to 25%), and an increase in the proportion of real grant assistance (from 25% to 50%). Support in the form of services also declined in Austria, with the abolition of free transport in 1995.

Categories of eligible students

Analysis of the reforms provides very little clue as to the coverage of support in terms of the number of students. On the other hand, the reforms do give some idea of how the categories of students eligible have developed. In the French Community of Belgium, the extension of coverage to different kinds of course, and then to older students, contrasts with the lack of any regular review of the economic criteria for support (the last one was in 1993). In the Flemish Community of Belgium, the selective nature of the system has been strengthened to target assistance on those most in need, in particular taking fixed assets into account in the calculation.

Ireland is noteworthy for a gradual strengthening of its system, and a regular broadening of the categories of eligible students (1972, 1975, 1992, 1996). In Austria, eligible categories were broadened to include students from the *Fachhochschulen* created in 1993. In Portugal, a recent reform (1996) has extended support to students attending institutions of private and cooperative education.

Conditions of award

It should be noted that, in this group of countries, grant support is always related to the economic circumstances of students and their families: the essential aim is to help students of limited financial means to pursue higher education. In several of these countries, merit was originally a factor in the award of grants. In Belgium, Ireland, Italy and Portugal, its significance has diminished or been entirely superseded by economic considerations. In Greece, it has recently become a secondary criterion in the award of grants, compared to economic hardship. As regards conditions governing the continuation of grant support, it has for some years been maintained in Spain even in cases where students do not satisfactorily complete a course. In Portugal since 1997, students who fail their exams on two successive occasions have been able to retain their grants. By contrast, in Italy, an amendment was introduced in 1994, requiring repayment of the grant if a minimum number of courses were not satisfactorily completed. In Belgium, France, Ireland and the United Kingdom, satisfactory completion of each year of study has always been an essential condition for the continuation of grant support. In France, individual support on an exceptional basis (*aide individuelle exceptionnelle*, or AIE) is available for students whose grants are discontinued. Furthermore, it is envisaged that grants should be maintained for a year in cases where students are unsuccessful.

Assistance to the parents of students

In 1991, the federal government in Belgium decided to award the same allowance to all taxpayers irrespective of declared income, by converting the tax allowances into a tax exemption (see Chapter 3 of Part I). In 1993, tax allowances became possible in France, if parents paid subsistence allowances to their student children. The former were additional to tax allowances already available to the parents of dependent student children, on which upper limits had been placed in 1976. In Italy and Portugal, tax benefits were extended in the second half of the 1990s. In Italy, these measures were followed by the abolition of family allowances in 1997, if children were aged over 18.

Tax allowances linked to declared parental financial allocations for student children were introduced in Ireland during the 1980s and abolished some ten years later. Austria has witnessed recent cuts in family allowances, and the award of assistance to parents is now linked to study attainment on the part of their children, with a reduction in the age-limit. This is having major repercussions on the proportion of families with students that are eligible for the award of this kind of assistance, which has fallen steadily from 80% to 30%.

Tuition fees and available support

The raising of registration or tuition fees is also a feature of development in the countries under consideration, with the exception of Greece and Austria where students do not pay fees of this kind. In general, this increase has taken place in the 1990s. In France, it resulted in a change from a flat-rate payment to a basic rate which, although applied to most courses, led to significant increases in amounts for some study options. This rate, which previously rose less rapidly than the rate of inflation, has now begun to outpace it. The increase in fees paid on enrolment in Belgium was particularly marked in the non-university sector of higher education (1990).

In Italy and Portugal, the very recent raising of tuition fees has led to extensive changes in the financial support system (an increase in grant amounts and the number of grant-holders). Higher education institutions in Italy are now free to charge the amounts they wish in line with a scale based on the socio-economic circumstances of families. However, the total amount contributed by students must not exceed 20% of the state allocation to the institution concerned. Since 1997, all students in Portugal have paid tuition fees, and receive assistance that varies in accordance with family resources.

Support to students in Ireland has been significantly enhanced in a way that contrasts with current policies for economic rationalisation in several countries. A major feature has been the abolition of tuition fees for most full-time undergraduates. This measure coincided with the abolition of tax allowances for parents who contributed to the subsistence of their student children. The increase in tuition fees in the 1980s had prompted the introduction of this latter provision.

The introduction of loans

It has become possible to secure loans in four countries. In Belgium, this occurred at the end of the 1960s. The last piece of loans legislation in the French Community enabled grants to be replaced by loans for students after two years of higher education, but it was not implemented and was amended a few years later. At present, loans are no more than support to supplement grants or replace them when they have been refused. In the Flemish Community, the law on loans was passed but not implemented. Although loans were introduced in Greece in the 1990s, there was very sparse take-up, as their award was limited to students whose families were impoverished. They were abolished in 1996. In France, besides the limited *prêts d'honneur* that have existed since 1933, provisions for state-guaranteed loans were introduced in 1991 for students without grants who could not obtain bank loans because they were unable to guarantee their repayment. These loans met with a very weak response, as the state guarantee was regarded as inadequate by both students and banks alike. And while it has been possible for students in Italy to obtain loans since 1991, very few have done so.

The introduction of loans is under preparatory consideration in the Spanish ministry. By contrast, studies carried out in the Flemish Community of Belgium have persuaded the government not to pursue this option any further (see Part II, chapter 3).

For a long time, there were no major amendments to the former system in the United Kingdom, so the sea change of the 1990s, which introduced loans in addition to grants, stands in contrast to the stability of the preceding arrangements. As a result of this major change, the more recent development of the British system is examined in conjunction with another group of countries described in B.2.3.

B.2.2. The development of systems based on combined grants and loans, with assistance to the parents of students

These systems have developed in several respects as follows: in terms of the relative shares of grant and loan support; the share of loan repayments borne by students in terms of interest rates; support in the form of services; broadening of the coverage of support; independence from parental income; and the scale of support to the parents of students.

Of the four countries in this category, two, namely Luxembourg and Liechtenstein, have been characterised by remarkable long-term stability. The other two systems (in Germany and the Netherlands) appear to have undergone considerable change. The development of the system in the Netherlands is described in two stages – up to 1986 in the present section and from 1986 in the next one (B.2.3). The law of that year was to give rise to a series of radical changes in the different kinds of support to students in the country.

The grant share of support

In Germany, the financial support policy moved very early on from a system based on grants alone to one combining grants and loans. Between 1983 and 1990, support was even offered solely in the form of interest-free loans. Since 1990, a grants/loans combination has once more become available, with grants awarded only in cases where students seek a loan. The different changes have not been the subject of new laws, but simply amendments to the initial law of 1971.

Luxembourg and Liechtenstein have experienced remarkable stability. From the outset, support has been awarded as grants and loans in both countries, with the grant share depending on the economic circumstances of a student and his or her family. Since 1972 in Liechtenstein, grant and loan support have each been 50%.

FIGURE II.1.7: REFORMS IN COUNTRIES IN WHICH THE SYSTEMS OF FINANCIAL SUPPORT ARE BASED ON THE AWARD OF COMBINATIONS OF GRANTS AND LOANS, WITH ASSISTANCE TO THE PARENTS OF STUDENTS, 1960-1997

	D (from 1973)	**L**	**NL** (until 1986)	**LI**
SHARE OF SUPPORT AWARDED AS A GRANT	Abolition of the grant share between 1983 and 1990, and then its reintroduction (50%)	✗	Diminution in 1966, then 50% in 1986	From a variable income-linked share to a 50% share (1972)
SHARE OF THE LOAN BORNE BY STUDENTS	✗ interest-free loans	Move from interest-free loans and interest-bearing loans towards subsidised interest-bearing loans (1992)	✗ interest-free loans	Introduction of interest-bearing loans (1972)
SUPPORT IN THE FORM OF SERVICES	✗	✗	Decrease in transport allowances	✗
CATEGORIES OF ELIGIBLE STUDENTS	✗	Increased	In 1986, from students of modest means to all students	✗
PERIOD OF SUPPORT	Restrictions in the period of support (1996)	✗ The normal length of the course plus one year	Period of support limited	✗
INDEPENDENCE FROM PARENTAL INCOME	✗ Family income linked	✗ Family income linked	In 1986, from assistance linked to parental income towards support for all, with retention of a share linked to parental income	✗ Family income linked
ASSISTANCE TO PARENTS OF STUDENTS	Family allowances brought within scope of income tax system	✗	Increased assistance for parents of students in the 1960s, followed by its abolition in 1986	✗
TUITION FEES	Registration fees required in some *Länder* if students took too long to complete their courses (1997/98)	✗	Steady increase in tuition fees	✗

✗ NO REFORM

Source: Eurydice.

Netherlands: For reforms after 1986, see B.2.3.

The share of loan repayments borne by students

In Germany, interest-free loans are always awarded to students who satisfy certain conditions. A recent government proposal to introduce interest-bearing loans was rejected by the parliament. However, such loans were introduced for students who took longer than normally authorised to complete their courses. Since 1992, student loans in Luxembourg, some of which were interest-free and some subject to market rates of interest, have been converted into minimum interest loans at 2%. This development was part of a general trend towards lessening the contribution of students to the cost of studying. Since 1972 in Liechtenstein, students have paid interest on loans that were not repaid within six years.

Independence from parental income

In the Netherlands, support initially awarded on the basis of family income was extended to all students in 1986 through the introduction of a basic grant. However, a supplementary grant and a loan remained available, again, depending on parental income. Subsequently, the supplementary share offered as a loan was freed from dependence on income (see B.2.3). In the other countries, the family contribution has remained significant, and support awarded as grants and/or loans still depends on parental income.

Assistance to the parents of students and support in the form of services

The support system in the Netherlands has been characterised by a twofold development. In the first instance (in the 1960s), assistance to the parents of students was strengthened, while support to students was decreased. Later, in 1986, support to parents was abolished and awarded solely to students themselves.

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In Germany, recent changes in the 1990s have focused on assistance to the parents of students with family allowances subject to income tax regulations.

Criteria for award/tuition fees

Since 1996 in Germany, students who continue their courses beyond the normally acceptable period have been entitled only to interest-bearing loans and, in some *Länder*, have had to pay tuition fees since 1997/98.

The 1986 law in the Netherlands simply limited the period of support to six years. Other changes linking its award and the payment of tuition fees more closely to study attainment were introduced after 1986 (see B.2.3).

B.2.3. Development of systems based on combined grants and loans, or just loans, without assistance to the parents of students

The development of these systems may be examined from the following angles: the relative shares of grant and loan support; the share of loan repayments borne by students in terms of interest rates; support in the form of services; broadening of the coverage of support; and independence from parental or spousal income. The arrival of the Netherlands in this group of countries in 1986, together with the United Kingdom in 1990, calls also for a consideration of tuition fees.

The grant share of support

The grant share of support has risen in Denmark and Finland. The increase has been a substantial one that began in the 1980s. In Norway, the grant share began by falling until the 1980s, and then gradually rose in the 1990s (to reach 30% of total support earmarked for 1998/99). In Sweden, the proportions were fixed at 25% in the form of grants and 75% as loans. Subsequently, the grant share dropped sharply to 6% and, since 1989, has been reviewed to stand now at 28%.

By contrast, in the Netherlands and the United Kingdom, the grant share has markedly decreased. The most recent moves in the United Kingdom are to abolish grants entirely and replace them with loans.

Share of loan repayments borne by students

In several countries, the introduction of interest-bearing loans has been followed either by assistance in repaying them, or the avoidance of loans by students. Denmark led the way: government loans at reduced interest became state-guaranteed bank loans in 1975, with a return to the former in 1982. In Sweden and Norway, state contributions to interest rates fell sharply in the 1980s. These measures were followed by strategies to regulate the student debt burden, focusing in particular on the terms for repayment.

In Finland, the situation is slightly different. Since 1992, interest rates on state-guaranteed bank loans have no longer been either subsidised or fixed by the government, and market rates have been applied. Furthermore, the grant share of support has become substantially greater than in the other countries. As a result, students have tended to disregard loans, and rely on other sources of income, such as their parents and paid employment.

In Iceland, the entire support system is based on the award of loans at very low nominal interest rates compared to inflation. In 1976, the repayable capital was indexed, a measure that led to a real increase in the share of the loan borne by students, given the runaway inflation at the time. Their share increased still further in 1982, and then in 1992 with the introduction of interest in addition to the capital indexing. This interest rate is fixed by the government at a maximum level of 3% but, since 1992, has remained constant at 1%.

In the Netherlands, the share of the loan repayment borne by students has risen with the introduction of interest rates in 1991, at the very time that the amount of the basic grant was decreasing.

FIGURE II.1.8. REFORMS IN COUNTRIES IN WHICH SYSTEMS OF FINANCIAL SUPPORT ARE BASED ON THE AWARD OF COMBINATIONS OF GRANTS AND LOANS, OR JUST LOANS, WITHOUT ASSISTANCE TO THE PARENTS OF STUDENTS, 1960-1997

	DK	NL (from 1986)	FIN	S	UK (from 1990)	IS	NO
SHARE OF SUPPORT AWARDED AS GRANTS	Increase in the grant share from 20% to 70% or more for the first years of study	Decrease in the basic grant. Increase in the supplementary grant	Increase in the grant share from 50% to 70%	Decrease, then an increase in the grant share from 6% to 28%	Decrease in the grant share towards 50 %, then grants gradually abolished	Status quo: only interest-free loans	Decrease, then an increase in the grant share from 14% in 1993/94 to 30% in 1998/99
SHARE OF THE LOAN BORNE BY STUDENTS	Introduction of interest-bearing loans, then a return to subsidised interest (1982)	Introduction of interest-bearing loans	Increase in loan interest rates. Abolition of subsidised interest during study	Decrease in the interest rate subsidy	✗ Subsidised interest loans	Introduction of interest-bearing loans at market rates	Increase in interest rates
SUPPORT IN THE FORM OF SERVICES	✗	Conversion of part of the grant into support for transport	✗	✗	✗	✗	✗
CATEGORIES OF ELIGIBLE STUDENTS	Extension to all students	✗	Extension to all students	Extension to part-time students	✗	Extension to other kinds of courses	Extension to part-time students and distance education
CONDITIONS GOVERNING REPAYMENT	✗	Increase in the period of repayment	✗	Income-linked	✗	Income-linked with an increase in the period for repayment	Numerous reforms to lessen the burden on students
CONDITIONS GOVERNING AWARD/CONTINUED SUPPORT	✗	✗	✗	Abolition of aptitude tests	✗	✗	Abolition of aptitude tests
CONDITIONS GOVERNING CONTINUED SUPPORT/PERIOD OF SUPPORT	Introduction of the voucher system limiting the period of support	Reduction in the period of support. Introduction of the conditional loan	Reduction in the period of support from eight years to 55 months	Reduction in the period of support from eight to six years	✗ Continuation of attainment-linked support	Attainment-linked	✗
INDEPENDENCE FROM PARENTAL INCOME	With effect from 1986	The supplementary grant remains parental means tested	From 1992	From 1968	First grants and then tuition fees are parental means tested	✗ Independence has always existed	From 1972
INDEPENDENCE FROM SPOUSAL INCOME	With effect from 1980	✗	From 1992	From 1980 for the award and 1988 for the repayment	✗ Spousal income is taken into account	✗ Spousal income is taken into account	From 1977
TUITION FEES	(–)	Steady increase	Abolished in the 1970s	(–)	Part-paid by about 40% of students in 1998/99	(–)	(–)

✗ NO REFORM

Source: Eurydice.

Netherlands and **United Kingdom**: For reforms in the periods preceding the dates shown, see B.2.2 and B.2.1 respectively.

Terms of repayment

As will be emphasised in Part II, chapter 2, student debt turned out to be a determinant factor in most of these countries. In Denmark, assistance in repaying loans was introduced for students whose loans were at market rates of interest with big sums repayable.

In Sweden, the conditions governing the repayment of loans depended on the income of those who had received them, subject to a certain income threshold at the end of the 1980s and the beginning of the 1990s. Since 1987 in Norway, income-linked repayment has been possible for a maximum seven-year period, subject to certain specific conditions. In Iceland, the conditions of repayment have successively changed. From 1976 onwards, they were income-linked at a level of 1.5% to 3.75% of taxable income, which was increased to 5-7% in 1992, and then brought back to less than 5% a few years later.

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Until 1990, the number of years over which students repaid their loans steadily increased, often exceeding the stipulated maximum period initially set at 30 years, and raised to 40 years in 1982. While, in 1976, it was not expected that students would repay loans in their entirety, the 1982 measures were partly devised to lessen this element of implicit subsidy.

Categories of student recipient

The increased coverage of support, in terms of the number of students entitled to it, is another major aspect which in general emerged prior to the others. It is clearly apparent in Denmark and Finland (extension of assistance to all categories of student in the 1970s), in Sweden (extension to older students and part-time students in the 1960s), in Iceland (different kinds of courses became eligible at the end of the 1970s) and in Norway (following the extension of support to part-time students in 1976 and to students enrolled in distance education in 1996).

Terms governing the continuation of support and the period for its award

Several countries have limited the period of entitlement to support. In Denmark, the voucher system enables students to make use of assistance over a limited period, while discontinuing it when it is not needed. In the Netherlands, several changes subsequent to the law of 1986 linked the award of support to study attainment from 1993 onwards. The main amendment has been the conversion of grants into conditional loans that are converted back into grants only where student academic performance is satisfactory.

Financial independence from parental or spousal income

Reforms aimed at freeing students from dependence on parental income are observable everywhere except in Iceland, where the award of student support has never been parental means tested. Such reforms occurred in 1968 in Sweden, 1972 in Norway, 1986 in Denmark and 1992 in Finland. The award of support was freed from dependence on spousal income in 1980 in Sweden, and at the end of the 1970s in Norway. In 1988, spousal income was also excluded from the calculation of loan repayments in Sweden. In Finland, neither parental nor spousal income have affected the award of support since 1992. In Iceland, children have been regarded as financially independent from the age of 16 (raised to 18 in 1997). On the other hand, spousal incomes are still taken into account.

From 1986 in the Netherlands, only basic grants were initially exempt from parental means testing. Since 1995, loans have also become obtainable without reference to parental income. In the United Kingdom, the terms governing the availability of loans have not been amended since the latter were introduced. These loans too are obtainable independently of the income of parents.

Support in the form of services

In the Netherlands, part of the basic grant was transformed into a transport ticket that was gradually modified to reduce the cost to the government.

Tuition fees

In the Nordic countries, tuition fees have never been charged, or were abolished during the period under consideration, as in Finland in the 1970s. The contributions of students and/or families to the cost of education have risen both in the Netherlands and the United Kingdom. In the former, the amounts of fees fixed by the government are regularly revised upwards, while the conditions for entitlement to support are becoming increasingly strict. In the United Kingdom, tuition fees until 1997/98 paid to higher education institutions by the relevant authorities have, since 1998/99, been part-paid by around 40% of students in accordance with their financial resources.

C. QUANTITATIVE DATA: 1987/88 TO THE PRESENT

For each country, this section shows trends in, first, the number of student recipients of grant and/or loan support; secondly, in total amounts earmarked for grants and loans; and, finally, in amounts of tuition fees over the last ten years. How the student population is defined in this data varies from one country to the next depending on the target population of the student support system (see the information on these restrictions in the General Introduction), but also on whether the required information is available. Trends must then be considered solely within each individual country given that the data for successive years within each are comparable. On the other hand, reliable comparisons between countries are not possible.

C.1. TRENDS IN TOTAL STUDENT ENROLMENT AND THE NUMBER OF RECIPIENTS OF SUPPORT

Figure II.1.9 shows trends regarding the number of recipients of grants and loans, as well as total student enrolment. In virtually all countries for which data are available, total student enrolment in higher education increased regularly with effect from the 1987/88 academic year. The increase was particularly noteworthy (equal to or greater than 50% between 1987/88 and 1995/96) in Spain, France, Ireland, Italy, Portugal, Sweden, the United Kingdom and Norway. In Belgium, Germany, Austria and Finland, the growth of the student population was not as high. The sudden increase in student enrolment in Germany in 1991/92 was due to the inclusion in the figures of students from the new *Länder* after reunification. In Iceland, there was a temporary drop in enrolment in 1992/93. The Netherlands is the only country in which the total number of students has fallen in recent years.

In most countries, the growth in the number of student support beneficiaries has matched that of the student population or even exceeded it. This applies most particularly to Portugal and Sweden, but is also evident in Spain, Ireland, France, Finland, the United Kingdom and Norway.

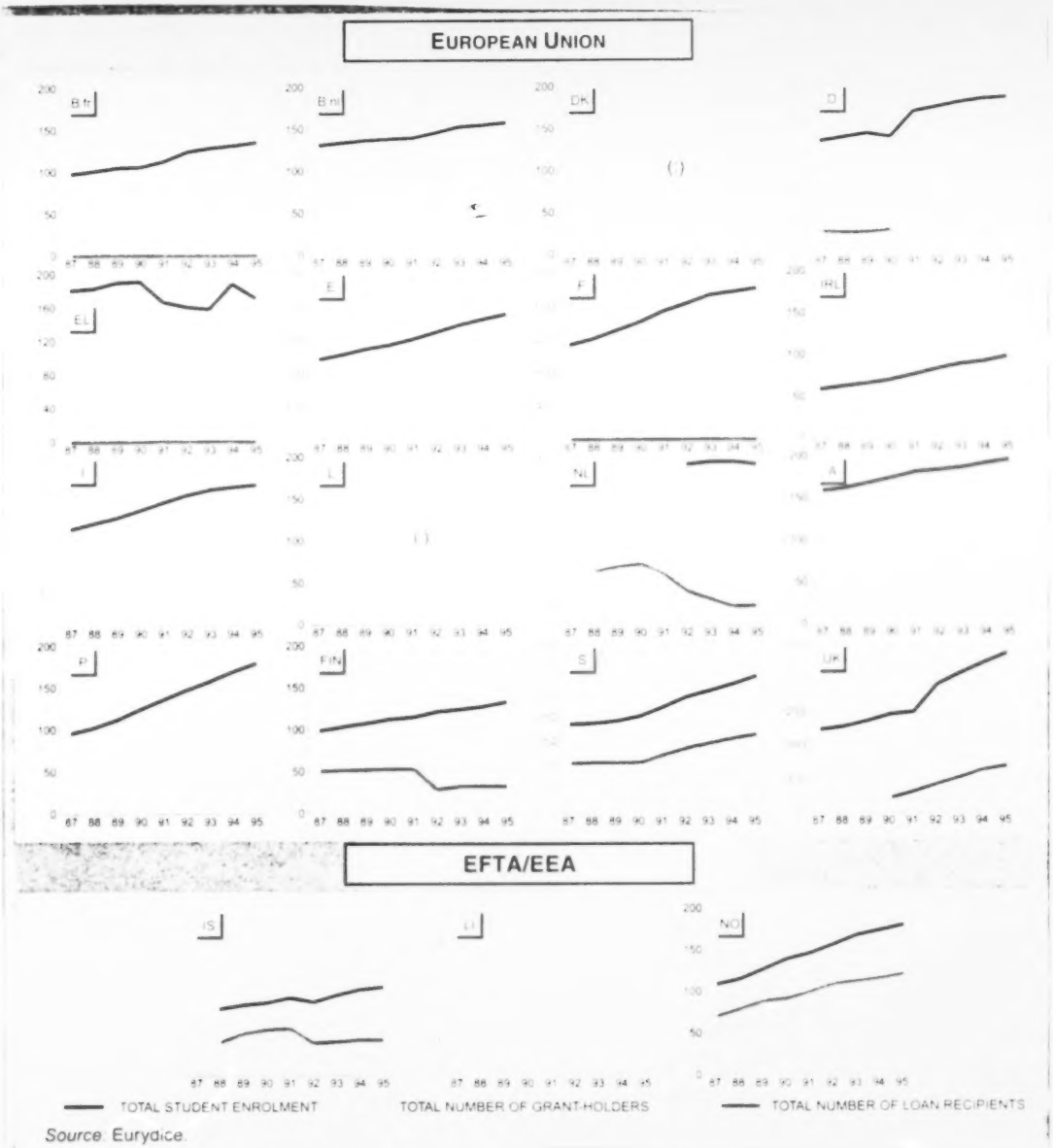
By contrast, in the French and Flemish Communities of Belgium, the number of student grant-holders has not grown as fast as that of the student population. In the French Community, the proportion of grant-holders actually fell from 27% in 1987/88 to 19% in 1995/96, after the upper income limit for the award of grants was not revised. In the Flemish Community, there was a similar decrease in the percentage of grant recipients from 31% in 1987/88 to 19% in 1995/96.

In Germany, the number of university students assisted rose considerably, on integration of the new *Länder*. In fact, when reunification occurred, much higher proportions of students from these *Länder* were entitled to support because of their disadvantaged economic milieu. Later, from the 1992/93 academic year, following an inadequate adjustment of income scales to the increase in the cost of living, the number of students who received support fell dramatically, despite the fact that the student population was ceaselessly rising. The result was a considerable drop in the proportion of student support recipients. This decrease masked a particularly sudden fall in the proportion of beneficiaries in the new *Länder*, from 72% in 1991 to 30% in 1995. In the original *Länder*, the decrease was from 22% to 15% during the same period. The year 1990 was noteworthy for the conversion of support in the form of interest-free loans into a half-grant/half-loan integrated package.

In Italy, the number of grant-holders remained very small, although it rose slightly throughout the period considered. This increase gathered momentum in 1995, and then became more marked in 1997, following the establishment of a national fund for grants and loans. In Greece, the proportion of grant recipients, already very modest at the start of the period under consideration, continued to fall.

The data also reflect several changes in support policies over the same period.

FIGURE II.1.9: TOTAL STUDENT ENROLMENT AND RECIPIENTS OF GRANTS AND LOANS, IN THOUSANDS, 1987/88 TO 1995/96



Source: Eurydice.

Greece: Data not available for grant-holders in 1987.
Italy: The number of grant-holders has risen markedly since 1996/97, from an initial 40 000 to an estimated 110 000 in 1999/2000.
Netherlands: Data on the student population not available before 1992.
Portugal: Public-sector higher education only.
Finland: Universities only.
United Kingdom: Data include students in further education institutions and the Open University. Data unavailable for grant-holders from 1987 to 1990.
Liechtenstein: Data on the student population not available.

EXPLANATORY NOTE

The numbers of students supported have been shown in real values, rather than as proportions, in order to retain the information on the growth of the student population. As a result, these graphs are all on different scales, and cannot be compared with each other. Furthermore, data sources for student populations and students who obtain financial support are not always the same, so that the proportions calculated may not be entirely accurate. The percentages shown in the text are from national data.

The student population concerned comprises enrolments at the higher education institutions covered by this study (see the General Introduction). Any qualification regarding this definition has been indicated in the notes.

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Thus, in the Netherlands, the drop in the number of grant-holders who had received the basic grant had already got under way before the decrease in total student enrolment – and the former was a little more marked. This tendency has arisen from the latest measures introduced by the government in the 1990s to give students an increased sense of responsibility, and lessen the proportion of financial support borne by the State. Most noteworthy has been the greater emphasis on satisfactory academic progress by students for their grant entitlement to be maintained. Changes in the conditions governing loans have made them less attractive. Since 1991, interest on them has had to be paid by students. However, it was the replacement of a system of automatic loans with an application procedure for obtaining them, along with the student preference for paid work rather than loans, which caused the marked decrease in borrowing shown in Figure II.1.9.

In Finland, the big diminution in the number of students taking out loans coincided with the 1992 reform that initiated the increase in the grant share of support and the payment of interest at market rates. This drop in the number of loan recipients, as well as the amounts borrowed by each student, reflected the increasing reluctance of students to contract loans.

In Iceland, loans whose repayment included solely the indexed capital were replaced by interest-bearing loans in 1992 (at a maximum rate of 3%). In addition, evidence of satisfactory study was required before obtaining a loan. The 1992 reform gave rise to a fall in the number of loan beneficiaries and, at the same time, a temporary decrease in the student population.

A similar trend, though on a lesser scale, was evident in Sweden. Between 1989 and 1995, the number of grant-holders gradually pulled away from the number of students who had obtained loans, the former increasing more than the latter. This phenomenon bore witness to the effect of the 1989 reform that lowered the interest rate subsidy, making loans to students less advantageous. Only in Norway did the increase in loan recipients parallel the rise in the number of grant-holders. In fact, the number of loans was slightly higher than the number of grants which were only awarded if students lived away from their parents' home.

Finally, in the United Kingdom, the number of grant-holders gradually levelled out. The curve showing loan recipients in Figure II.1.9 corresponds to the introduction of loans in the support system from 1990 onwards. Loans are expected to replace grants entirely in 1999/2000.

C.2. TRENDS IN TOTAL EXPENDITURE ON GRANTS AND LOANS

Figure II.1.10 compares trends in total expenditure on grants and/or loans awarded to students with changes in the student population as defined in the General Introduction. A distinction is required between countries in which the growth in amounts earmarked for support as grants and loans has been faster than the rise in enrolments, and those in which the corresponding amounts have fallen, either during a given period, or steadily throughout the whole of the last decade.

In France, Ireland, Austria, Portugal, Finland, Sweden and Norway, amounts earmarked for grants and/or loans have risen very sharply since 1987, easily exceeding the increase in student enrolment in higher education.

In some countries, this increase in overall amounts is primarily attributable to the change in value of the grant share. Thus in France, the rise in the proportion of grant-holders was relatively small, from 16% (1987/88) to 19% (1996/97). As a result, the actual value of support has increased considerably during the period under consideration. In Austria, the way amounts have changed may also be explained by the increase in the value of grants, followed by a slight upward trend in the proportion of grant-holders. In Finland, the considerable increase in the sums earmarked for grants and loans compared to 1987/1988 has stemmed mainly from the decision to raise the value of grants as part of the 1992 reform of the student support system. However, it would appear that, since 1993/94, notwithstanding a steady climb in university student enrolment, as well as in the number of grant-

holders, the amounts earmarked for grants and loans have begun to decrease, partly as a result of the slight fall in the amount of the grant in real terms, but also because of the decrease in both the numbers of students taking out loans and the amounts borrowed. In Norway, the rise in the amounts earmarked for grants and loans has also been related to the steady climb in the relative share of grants (from 14% of total support in 1993/94 to 30% planned in 1998/99). However, the proportion of student grant-holders has also slightly risen from 61% in 1987 to 67% in 1996.

Occasionally, trends in expenditure are mainly the result of an increase in the number of student recipients of support. For example, in Portugal, the rise in the amount earmarked for grants is certainly a reflection of the expanding number of grant-holders which has doubled in ten years.

Finally, in Ireland, the phenomenon is due to the growth in the number of grant-holders that went up from 34% in 1991/92 to 47% in 1995, as well as the increase in amounts awarded. Similarly, in Sweden, the increase in total amounts has derived not only from the rise in the proportion of student beneficiaries, which climbed from 61% in 1987/88 to 78% in 1995/96, but from the rise in the amount of the grant.

In two countries, the upward trend in the sums earmarked for grants is on a scale comparable to that in university enrolments. In Spain, this trend has been consistent with the relative stability of the proportion of grant-holders in the period under consideration. It stood at 15% in 1987 and 14% in 1995. In the United Kingdom, the changes in amounts earmarked for support have exactly matched the growth of the student population. Finally, in countries in which there has not been a constant increase in expenditure in the period examined, the effect of rationalisation policies may be noted. In the French Community of Belgium, the amount of the grant remained unchanged in nominal value, and thus lost in real value. In the Flemish Community, the nominal value of the average grant also remained unchanged for very many years. However, it has evidenced a slight upward trend since 1994/95. In each of the two Communities, the proportion of student beneficiaries has fallen steadily throughout the period concerned.

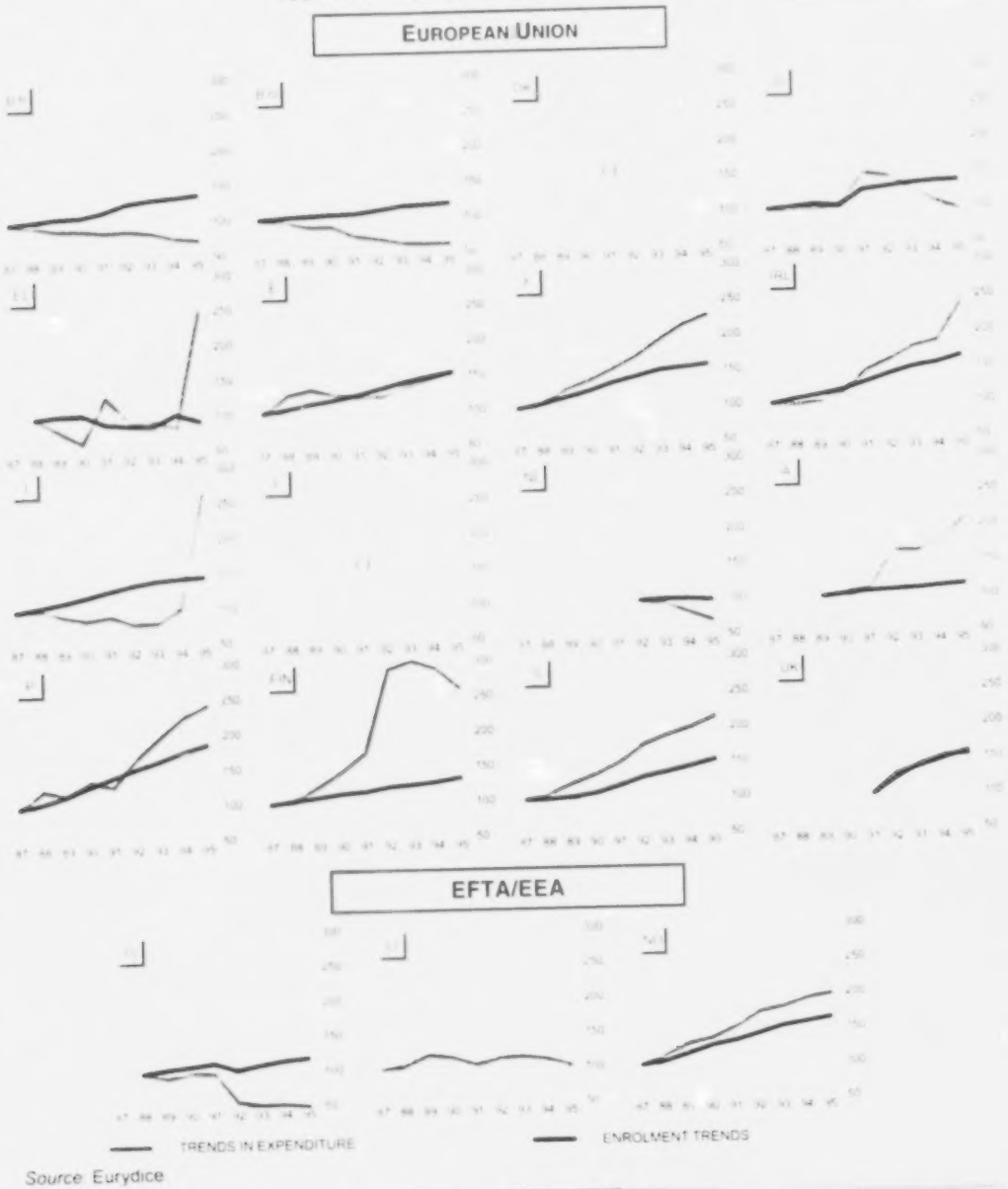
In Germany, the amounts earmarked for loans steadily decreased in the same way until 1990/91. They then rose to reach a peak in 1992/93 after reunification, and inclusion of expenditure in the new *Länder* in the data. Nevertheless, since 1992/93, expenditure on student support has again begun to diminish. This is the result of an inadequate adjustment of amounts of support to trends in the cost of living.

In Italy, the situation is different. For many years, the sums earmarked for grants fell steadily, as in the two foregoing countries (Belgium and Germany). However, fresh legislation in 1996, which instituted the payment, on registration, of a regional tax directly channelled into the social assistance budget, and a national fund for grants and loans in 1997, contributed to a considerable growth in sums earmarked for grants which was reflected primarily in an increase in grant amounts and, in 1998, in the numbers of students who received them.

In the Netherlands, total amounts climbed after 1986 (the year of the reform that transformed the country's system of financial support), and then began to fall steadily with effect from 1989. This pattern was due to several reforms. The basic grant received by the majority of students steadily decreased in value from 1986/87 onwards. In the same period, the value of the parental means-tested supplementary grant was regularly increased in order to protect less well-off students from the effects of this change. Meanwhile, greater numbers of loans were made available but, as shown in Figure II.1.9, their take-up by students steadily declined.

In Iceland, there was a sudden drop in amounts earmarked for loans between 1991 and 1992 which coincided with significant changes, both in the conditions governing their availability (with the attainment criterion) and in their financial characteristics (described in section B.2.3). As a result, the proportion of students who contracted loans fell from 60% in 1991 to 44% in 1992, since when they have continued to decrease slightly. At the same time, the average amount of loans plummeted, also reflecting the reluctance of students to borrow these sums.

FIGURE II.1.10: TRENDS IN TOTAL EXPENDITURE ON GRANTS AND LOANS AND IN STUDENT ENROLMENT, 1987/88 TO 1995/96 - INDEX 1987/88 = 100



Source: Eurydice

Greece: Data not available for 1987.
Netherlands: Data on the student population not available before 1992.
Portugal: Public-sector higher education only.
Finland: Universities only.
United Kingdom: Data include students in further education institutions and the Open University. Data unavailable for amounts of support from 1987 to 1990.
Liechtenstein: Data on the student population not available.

EXPLANATORY NOTE

To calculate the indicator in Figure II.1.10, the amounts for the different years have been divided by the amount for 1987/88. The result has then been divided by 100. Where a complete temporal series was not available, as in the case of the Netherlands and the United Kingdom, the earliest year for which data could be obtained has been regarded as the point of reference.

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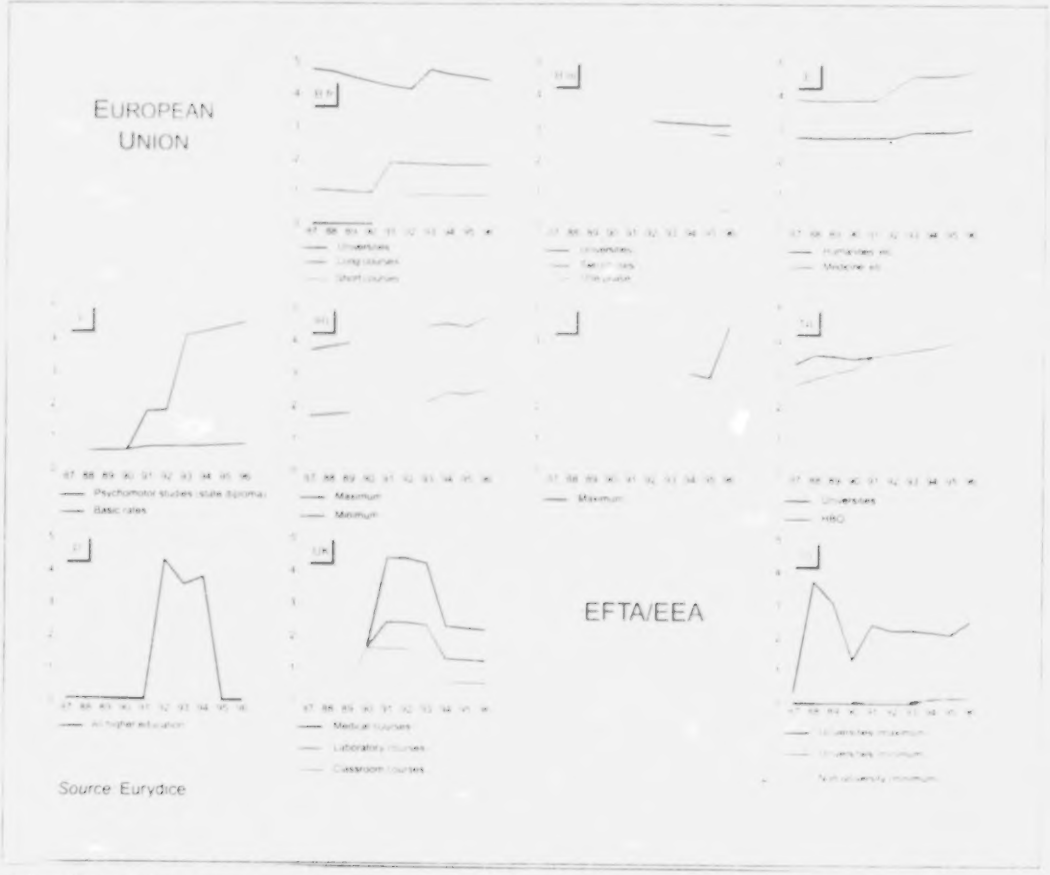
C.3. TRENDS IN AMOUNTS OF REGISTRATION AND TUITION FEES

Figure II.1.11 shows how the amounts of fees have changed in the last decade. While in some countries amounts have remained stable, in others trends have been more striking with sometimes major increases.

FIGURE II.1.11: TRENDS IN ANNUAL AMOUNTS OF REGISTRATION OR TUITION FEES PAID TO HIGHER EDUCATION INSTITUTIONS BY FULL-TIME STUDENTS ON UNDERGRADUATE COURSES, 1987/88 TO 1996/97



Source: Eurydice

Belgium (B nl): Data is lacking for the years 1987-91 (universities) and for 1987-94 (non-university higher education).
Denmark, Germany, Greece, Austria, Finland, Sweden, Iceland and **Norway**: In general, students pay no registration and/or tuition fees, or simply pay subscriptions to student organisations. Their amounts are very low and do not justify separate graphs in this figure.
Ireland: Data is lacking for the years 1990-92.
Italy: Data is lacking for the years 1987-93.
Luxembourg: Students enrolled in institutions in Luxembourg do not pay registration and/or tuition fees.
Liechtenstein: Data on the student population not available.

EXPLANATORY NOTE

Data are in real values (taking inflation into account). They have been obtained by dividing the gross values by the consumer price index (Eurostat).

In general, trends have followed reforms undertaken in the various countries. This applies, in particular, to France, in which 1992 was a watershed year: the flat-rate fee was replaced by a basic rate charged for most courses, with a few exceptions for certain qualifications. In Ireland, tuition fees which were generally covered by grants for students without much money have, since 1996, been paid

by the State in most cases. However, registration fees have been retained and were subject to a rise from PPP/ECU 205 to 342 in 1997/98.

Three countries stand out for their increase in tuition fees. In Italy, the law on the self-funding of universities led to a very sharp rise in the tuition fees charged students. Amounts were fixed with respect to the financial resources of the family nucleus, with the maximum applicable to only a very small number of students. The amounts are thus progressive in nature, with criteria for award that are linked to the economic circumstances of students and uniform throughout the country. The total amount in fees cannot be more than 20% of the state funding to the higher education institution concerned.

The level of tuition fees has been an issue on the agenda in Portugal for several years. After a big increase in fees from 1992 to 1994, they were brought back to their former level (PPP/ECU 9) in 1995 and 1996. Since 1997/98, they have again become higher (PPP/ECU 422).

Finally, in the United Kingdom, tuition fees were sharply increased in 1991, while their amounts were varied in accordance with different kinds of courses so as to encourage institutions to enrol more students. Subsequently, when the government target of one young person in three enrolled in higher education was reached, the fees were reduced to discourage institutions from recruiting students in excess of this quota. With effect from 1998/99, newcomers to higher education are having to pay up to an annual PPP/ECU 1123 for their education, with the actual amount depending on parental or spousal income. Students from families that earn least (around 30%) pay nothing.

In other countries, registration or tuition fees have not been subject to major changes. In Belgium, fees for non-university higher education have been raised and indexed with respect to inflation. University higher education in the French Community of Belgium is the only sector in which fees have not been annually reviewed. In Spain, the corrected values point to a slight increase in the amounts charged on registration. In the Netherlands, there has been a steady fees increase in which amounts charged in non-university higher education have been brought into line with those required by universities.

Support for the payment of registration and/or tuition fees is awarded to students facing hardship in Belgium, Spain, France, Ireland and Portugal. In the Netherlands, the financial support to which most students are entitled includes an amount for the payment of tuition fees. Chapter 1 in Part I describes these mechanisms.

D. SUMMARY AND CONCLUSIONS

D.1. SUMMARY OF TRENDS IN FINANCIAL SUPPORT SYSTEMS

A few broad conclusions may be drawn from the analysis – with reference to the content of reforms and the foregoing time series constructed from the quantitative data – of how systems have developed. Overall, and with few exceptions, the systems in countries are relatively stable. In other words, the various components of systems as established in the 1960s or the 1970s are by and large the same at the end of the 1990s. However, it is worth noting that the relative significance of each of these components in the systems of most countries has changed substantially in the period under consideration.

Thus, the majority of countries that offered various forms of support mainly comprising student grants, family allowances and assistance in the payment of tuition fees (Belgium, Spain, France, Ireland, Italy and Portugal) have maintained them. Countries with support consisting, on the one hand, of grants (Greece and Austria) or grants and loans (Germany, Luxembourg, and Liechtenstein) to students and, on the other, assistance to families have also continued along the same lines. Finally, the Nordic countries have steadily developed in accordance with a single set of arrangements for support which has long been awarded in the form of grants and loans, or just loans in Iceland.

In certain countries, a few attempts to change the components of the system have not come to fruition or the measures introduced were withdrawn some years later. The majority of reforms have not therefore been intended to alter the components. Instead, their aim has been to alter their impact by raising or lowering the amounts available, or redefining the conditions governing their award. Only two countries have radically transformed their systems through changing the actual forms of support, namely the Netherlands and the United Kingdom. Figure II.1.12 summarises these different trends.

FIGURE II.1.12: TRENDS IN SYSTEMS OF FINANCIAL SUPPORT BETWEEN 1970 AND 1997

	Relative stability of systems: alterations in the significance of certain components																Changes in elements	
	Multiple forms of support						Twofold support					A single model of support						
	B	E	F	IRL	I	P	D	EL	L	A	LI	DK	FIN	S	IS	NO	NL	UK
Grants	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	×
Grants/loans or loans																		
Tuition/ registration fees	●			●	●	●											●	O
Assistance to families	●		●	O×	●	●	●			●							×	×
Support in kind for all					●	●											●	
Separate loans	●				O			O×										O
Grants/loans share							●				●	●	●	●		●	●	
Loan interest rates									●		●	●	●	●	●	●	●	

● Increase or lessening of the component O Appearance of the component × Abolition of the component

Source: Eurydice.

Ireland: Only tax allowances introduced during the period under consideration have been abolished. Family allowances for students aged less than 19 have been maintained.
United Kingdom: The changes that occurred in 1998/99 are taken into account.

In Belgium, the amount of support offered to students of modest means has decreased with time. In addition, the reform of the tax regulations has resulted in the abolition of the rising scale of savings on tax. These savings are now the same for everyone. Tuition fees have been raised, and student grant-holders are only partially exempt from them. In Spain, the thrust of the changes has always been towards a rise in the number and proportion of grant-holders. This trend was particularly marked in the 1980s. Since then, the proportion of grant-holders has remained stable. In France, amounts have risen constantly since the 1980s. Some reforms focused on accommodation and tax allowances have had a considerable impact on the total student support budget. Budgets earmarked for support have substantially increased. There is apparently no question of offsetting this expenditure through an increase in the private contribution by, for example, raising tuition fees.

In Italy and Portugal, tuition fees were raised considerably which, in response, led to a change in support mechanisms. At the same time, assistance to families was transformed, with the abolition of family allowances in Italy, and increased opportunities for tax allowances in both countries. Also noted was an increase in the number of grant-holders and grant amounts in Italy, and a constant growth in the number of grant-holders in Portugal, as well as less support for student catering in both countries. In Ireland, the opposite has occurred: tuition fees formerly paid by most students are now borne by the State. Provision for tax allowances generally to the benefit of wealthier families was simultaneously abolished, in line with a more egalitarian approach. Only family allowances for all dependent students up to the age of 18 were maintained. However, a slight increase in the number of grant-holders is a feature of the way in which the grants system has developed.

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The introduction of separate loans in the support system has been – and remains – on the agenda in many countries. Besides loans to supplement student grants in the French Community of Belgium, an attempt to replace the latter by loans in 1978 came to nothing a few years later. Much the same thing occurred in France at the start of the 1990s with the abortive attempt to introduce bank loans in addition to the *prêts d'honneur* available since 1933. In Italy, the introduction of loans in the 1990s has far from achieved its aims. Elsewhere, loans legislation in the Flemish Community of Belgium and Portugal has not been implemented, while the Spanish Ministry of Education is currently considering the whole loans issue.

Developments in Germany have resulted in a drop in support to students and an increase in assistance to families, whether in family allowances or tax relief proportional to parental income. The question of linking this assistance to study attainment is under discussion. Quite recently, free higher education has been challenged in the case of students who take longer to complete their courses than normally expected and who, in a few *Länder*, have to pay registration fees. Finally, a proposal to charge interest on loans, which was recently tabled by the government, was defeated in parliament. In Greece, the trend has been towards a fall in support awarded to the poorest. Loans available for four years were subsequently abolished. In Austria, assistance to families was also reduced (with the imposition of an age-limit and the need for attainment), while grant amounts and the number of grant-holders have recently begun to rise steadily after a long period of restriction. Luxembourg and Liechtenstein have relatively stable systems, and changes there have generally concerned terms on which money is borrowed which have become more advantageous for students in Luxembourg, and a little less so for those in Liechtenstein.

Support in the Nordic countries has always been in accordance with a single basic pattern. Collectively, the countries are distinctive in their strategy of no longer taking family earnings into account in the award of support, but solely student income. In all of them, except Iceland, there has been a steady expansion of the state contribution. Accordingly, the time series in section C show that, in Finland, Sweden and Norway, the growth of state expenditure in grants and loans over the last ten years has been greater than that of the student population (see Figure II.1.10). The terms of loan repayments have also been subject to various amendments, particularly in countries in which the loans share of support and the burden of student debt are greatest (Sweden and Norway).

Although support has always been available for all students in Iceland, there has been a tendency in recent years for state loan repayment subsidies to diminish, with an increase in the share of repayment borne by students. As a result, an increasing number of students have been deterred from contracting loans, or have borrowed smaller amounts.

Finally, as we have seen, only the Netherlands and the United Kingdom have entirely reformed the components of their system during the period at issue. In the Netherlands, assistance to families was abolished to be replaced by a single formula for support, comprising a basic grant and a loan for most students and then a supplementary parental means-tested grant. The system has witnessed a gradual decline in the state contribution, following increased tuition fees and reductions in the amounts of the basic grant. In the United Kingdom, grants were, for the first time, supplemented by loans in 1990, and eventually phased out in 1999. This radical overhaul of the system has been rounded off with another reform introducing the part-payment of tuition fees for all students, whose contribution will depend on a family means test from 1998/99 onwards.

D.2. Developments that have transcended the various forms of financial support

Generally speaking, in a great many countries, certain trends have been apparent over and above our foregoing classification of systems of support, in accordance with the various forms in which support has been awarded until now.

D.2.1. Linking support to study attainment

A link between support and study attainment has emerged in most countries in which students have tended to take longer than normally expected to complete their courses, namely Denmark, Germany, Luxembourg, Italy, the Netherlands, Austria and Iceland.

Several measures have been adopted to penalise students who drop out or take too long to complete their courses. Among them have been the following: the introduction of interest-bearing loans instead of interest-free loans for those who study for longer than the authorised period (Germany); the repayment of grants in the case of unsatisfactory academic performance or only slow progress (Italy and Austria); the conversion of grants into conditional loans, with the level of tuition fees linked to attainment (the Netherlands); attainment-linked assistance for parents of student children (Austria); and semester-based attainment-linked loans in Iceland. More positive incentives for students to do well have also been provided in the form of special grants for sound results (Luxembourg), and the waiving of part of their loan repayments (Germany).

By contrast, the link between support and attainment has been slackened in countries in which, traditionally, support was awarded on the basis of regular annual study achievement. In Spain, students are allowed to fail one course, without the grant for the following year being withheld. In Portugal, two years may be reattempted while maintaining the corresponding entitlement, but a minimum number of courses must be completed satisfactorily. In France, students are calling for the grant to be maintained for a year in cases where study performance is unsatisfactory while, in the Flemish Community of Belgium, the issue is the subject of ongoing debate.

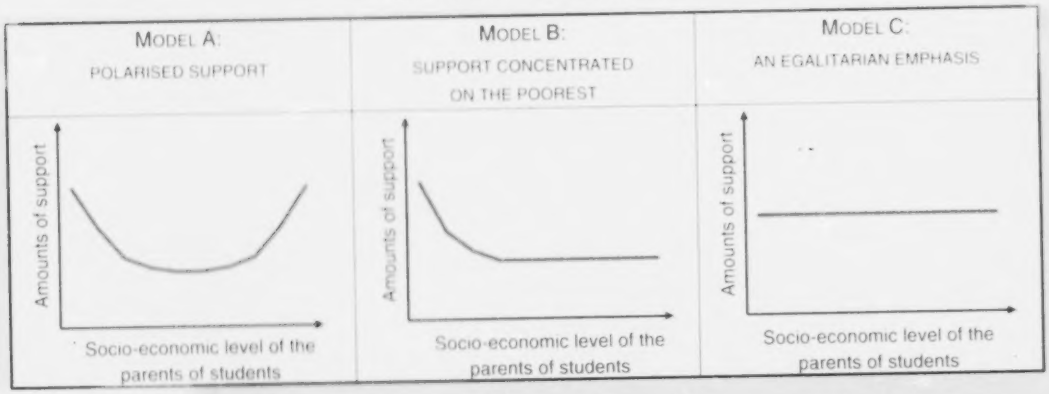
Taken as a whole, trends related to this issue seem to have been gradually becoming more uniform, in that the strictest systems have been tending towards greater flexibility and vice versa.

D.2.2. Distribution of support and the personal/state contribution

Over and above the various forms of financial support, countries may be distinguished in terms of two options in the distribution of support with respect to the social background of students. These are either the egalitarian principle, or the tendency to target support on the poorest which, in some countries, coexists with assistance that favours the wealthiest. Figure II.1.13 shows three theoretical models summarising the way in which all European countries distribute support.

- In the first (model A), support for students from disadvantaged backgrounds is accompanied by a 'universal' component corresponding to the existence of public support awarded to all families. Some of these forms of family assistance are directly proportional to earnings, and thus tend to be more generous for families with higher incomes. This applies to tax relief proportional to income, and tax allowances for real expenditure. Depending on the country and the period, the curve derived from this polarisation, or twofold concentration, is more or less marked.
- In model B, support is targeted primarily on students from disadvantaged backgrounds, with the remainder awarded to all other students on an equal basis. It covers systems in which support for students (whether as grants, loans or exemption from tuition fees) is totally or partially parental means tested. In this model, any assistance for families is provided irrespective of income or real expenditure.
- Finally, the egalitarian emphasis (model C) corresponds to a situation in which virtually all students receive similar support, since parental income is not means tested. Here, only their own income may affect the amount to which they are entitled. In this model also, any assistance for families is provided irrespective of income or real expenditure.

FIGURE II.1.13: MODELS INDICATING THE DISTRIBUTION OF SUPPORT WITH RESPECT TO THE SOCIAL BACKGROUND OF STUDENTS



Source: Eurydice

A second aspect worth considering is the current position of each country *vis-à-vis* the principle of state responsibility, as opposed to personal contributions. The intersection of both sets of factors shown in Figure II.1.14, regardless of the model of support with respect to social origin (A, B or C), bears witness to two divergent trends, one inclined towards greater public-sector support, the other towards personal contributions.

Figure II.1.14 summarises variations in the position of the different countries in relation to the two foregoing sets of considerations.

FIGURE II.1.14: MAJOR FEATURES OF TRENDS IN FINANCIAL SUPPORT SYSTEMS

	CONTINUED POLARISATION		FROM POLARISATION OR AN EGALITARIAN EMPHASIS TOWARDS CONCENTRATION ON THE POOREST	CONTINUED OR MORE MARKED EGALITARIAN EMPHASIS
	LEVELLING OUT OR STEEPENING OF THE CURVE	GREATER EMPHASIS ON TARGETING THE POOREST		
INCREASED STATE CONTRIBUTION	F, L, LI	E	IRL	DK, FIN, S, NO
INCREASED PERSONAL CONTRIBUTION	D, EL	I, P, A	B, NL, UK	IS

Source: **Eurydice.**

The model of continued polarisation (twofold concentration) is evident in half of the countries. However, the most recent measures in Spain seek to raise amounts awarded to students who experience financial hardship. In Italy and Portugal, the current tendency is to offer more support to students who need it. A transfer system appears to be the main mechanism for this purpose. Assistance required for the poorest is withdrawn from most other students, through raising tuition fees, decreasing universally available kinds of support, such as subsidised catering, or – as most recently in Italy – abolishing family allowances. Yet the award of tax allowances tending to benefit the wealthiest families remains substantial both in Italy and Portugal. In Austria, support is also tending to become more concentrated on the least well-off after an egalitarian period in the 1970s. However, for families whose children are studying abroad, elements of support awarded as family allowances have been redefined as tax allowances.

By contrast, in other countries, a continued or even greater polarisation of support is apparent. In France, this twofold tendency is very conspicuous. Awareness of the amounts of money awarded in the form of tax relief has resulted in an increase in the budgetary allocation for grants. In Germany, the concentration of support has progressed more steadily. The development of the system has led to

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increased targeting of student support on the poorest, whereas around half of all students received it when the system was first established. Meanwhile, the system of family assistance, essentially in the form of tax allowances, has been maintained. In Greece, the tendency has been towards greater uniformity, and emphasis on support for the poorest has gradually decreased. Finally, polarisation of support has remained unchanged in Luxembourg and Liechtenstein.

Following a series of recent measures, there has been a change in model in three countries, namely Ireland, the Netherlands and the United Kingdom which have moved from model A to model B. The two major initiatives in Ireland have been the abolition of tax allowances and, in the case of most undergraduate students, the abolition of tuition fees. The allowances favoured the rich, while ending the obligation of most students to pay fees benefits everyone. Under these circumstances, the continuation of family means-tested grants reflects a greater tendency to target support on students from poorer backgrounds.

The 1986 reform in the Netherlands abolished family support, enabling the system to break radically with the polarised model. The purpose of this reform was to offer basic identical support for all, irrespective of the social background of students. However, a supplementary support mechanism intended for disadvantaged students was retained. Subsequent measures have not altered this model. Less state intervention has meant less basic support for all, with greater concentration of support on the poorest.

In the United Kingdom, a first set of measures led to the gradual replacement of grants by loans, irrespective of family circumstances. In the process, the United Kingdom showed signs of moving from a system of support concentrated on a particular group to one that is more egalitarian. However, with the introduction of part-payment of tuition fees by students in amounts dependent on family income, the country is developing a system increasingly similar to model B.

Finally, in Belgium, arrangements that apparently conformed to the polarised model appear to be moving towards greater uniformity, following the reduction in the state contribution. On the one hand, grant amounts and the number of recipients are falling while, on the other, the provision of tax allowances has been converted into tax exemption resulting in the same tax savings for everyone. This latter measure has brought the system a little closer to model B.

The Nordic countries which, at the outset, had financial support systems along the lines of model B have all opted for a broadly egalitarian system, with support awarded regardless of family circumstances. This tendency has been sustained by the most recent measures. The fall in the personal contribution was very marked in Denmark and Finland, with an increase in the grant share. The way in which the relationship between the personal contribution and state responsibility has developed in Sweden and Norway is less clear. Reforms regarding the grant share in the total amount of support suggest greater state commitment, whereas changes related to conditions for the repayment of loans reflect an increase in the personal contribution. It is thus hard to reach any firm conclusion on quantitative shifts in the relationship between this contribution and the state commitment when both dimensions are considered simultaneously. Iceland stands somewhat apart from the group in constantly increasing the personal contribution while nonetheless respecting egalitarian principles.

From the foregoing, it may be concluded that the ability of countries to invest more in their support systems or, on the contrary, to limit their public outlay in this area, has little effect on distribution of support to students in accordance with their social origins. Increasingly concentrated support is to be found both in countries that are stepping up state intervention and in those in which personal contributions are becoming greater. It would seem that a continued egalitarian emphasis is leading more countries to increase their outlay on financial support. The following chapter seeks to explain the factors and circumstances that have led the different countries to opt for courses of action along these lines.

CHAPTER 2
THE BASIS OF SYSTEMS AND FACTORS UNDERLYING CHANGES TO THEM

A. MODEL AND METHOD OF ANALYSIS

The present chapter analyses both the context in which the different reforms of student financial support systems have occurred and the aims of the reforms themselves. Its main purpose is to identify the considerations that have led the authorities in the different countries to implement and modify these systems in the course of the last 30 years.

The decision to earmark public resources not only for the funding of institutions, but also for financial support to those who embark on higher education, is clearly the expression of a political will guided by certain basic principles and objectives. This decision was taken at a given time in a particular economic and social context, and it is appropriate to examine to what extent this context has played a part in shaping systems. Subsequently, changing economic circumstances, the growth of the student population, courses that take longer than normal to complete, graduate debt and novel developments in the organisation of higher education institutions are among the potential factors underlying change which have had repercussions on systems. Yet there is no direct cause-and-effect relationship between such factors and a decision to reform. Instead, it is their combined impact, along with the political will to retain or transform the basic principles or aims of student support systems, which determine how they will develop. Irrespective of the nature of a particular factor, the launching of formal consideration and debate and their consecration in a legislative or regulatory measure are always the resultant of a political decision.

In other words, it is pointless to try and establish a direct relation outside the various national contexts, between a reform and one or several factors associated with change. Indeed, a particular factor may have affected countries at different times. It may have played a part in the development of the support system or, on the contrary, had no effect. Furthermore, a specific measure may have been introduced under the influence of various different factors or, alternatively, different measures may have represented a response to similar problems.

While, therefore, the 'economic crisis' and the need to restrict public expenditure have been experienced at one time or another in virtually all countries, the period in which action has been taken is not the same from one country to the next. It is also apparent that this economic factor has not led systematically to more stringent policies for financial support to students in all cases. On the contrary, certain countries have elected to maintain or increase expenditure on it, sometimes cutting back in other areas. Consideration of a potential force for change, such as the economic crisis, in studying the development of systems inevitably means bringing other relevant factors within the scope of the analysis, including not only the initial components of financial support but the basic principles underlying systems and the aims pursued.

No explanation of the reforms witnessed in the various countries over the last 30 years can be given without mobilising this related group of parameters. In short, there should be a simultaneous focus on the following:

- THE ORIGINAL COMPONENTS OF THE SYSTEM;
- THE BASIC PRINCIPLES;
- THE AIMS OF THE SYSTEM;
- THE FACTORS POTENTIALLY UNDERLYING CHANGE.

ORIGINAL COMPONENTS OF THE SYSTEM

Of initial relevance are the original components of support systems. They are described in detail in Part II, chapter 1 and recalled in summarised form here. The main components of systems were grants, loans, assistance in the payment of fees (where they were charged) and assistance to families, as well as subsidised services.

These elements have varied in the different countries in accordance with basic ideological principles and cultural traditions. The options selected when the systems were set up were felt to be the best way of achieving certain objectives. Furthermore, the influence of these initial components on the subsequent development of systems may be far from negligible.

BASIC PRINCIPLES

To understand how the systems themselves have changed, it is therefore important also to examine their basic principles or, in other words, the ideological stances of the various States in relation to their arrangements for student support. The five principles noted in the present analysis may have been instrumental in the establishment of their support systems, or been altered or, indeed, emerged in the course of their development.

The principle of equal access

The original inspiration behind so-called contemporary public support, this principle is based on the right of any person with the required intellectual ability to benefit from higher education, without being prevented from doing so for financial reasons. The principle has been present in all systems throughout the period concerned but, as we shall see, the importance attached to it has been liable to fluctuate depending on the context.

The obligation of the State versus personal contributions

All countries have been characterised by the search for a balance between these two principles. On the one hand, the State covers most, if not all, of the costs of education by providing institutions with funding. On the other, the cost of living of students is met by both the State and from personal contributions. Whether students themselves or their families are the source of the latter will depend on whether national circumstances put a premium on student independence or the responsibility of parents for their (near adult) children. In practice, the personal contribution from students depends on the extent to which loans and tuition fees are part of the arrangements for support.

Generally speaking, personal contributions are thought to be justified because of the personal gain to students of their education once they are graduates, whereas the state contribution is viewed as important because society is able to benefit from an educated and well-trained population.

The issue of balance between personal contributions and state obligations concerns sectors other than education (health, unemployment, pensions and culture). It is part of the debate between, on the one hand, liberalism and privatisation and, on the other, social solidarity and the Welfare State.

The principle of family responsibility as opposed to the financial independence of students

In most countries, allegiance to one or other of these two somewhat incompatible principles was clearly self-evident from the start of the 1970s in most countries. In practice, it may take the form of assistance to families. The same preference also determines whether parental income is means tested in the award of support and, therefore, the extent to which it is broadly available.

Students should be committed to sound academic performance

This principle centres on another individual responsibility distinct from that of a financial contribution. It presupposes that recipients of support will do all they can to make good progress during their courses and complete them satisfactorily. Concern for this principle, in one form or another, was already apparent in many countries during the 1970s. Since then, it has gradually become more widespread and significant.

The 'compensatory' and egalitarian principles

The thrust of the egalitarian principle is to offer the same support to all, irrespective of their social background. By contrast, what might be termed the 'compensatory' principle seeks to distribute support on the basis of family income, so as to give greater assistance to students from underprivileged milieux (see Part II, chapter 1, D.2.2). In a few countries, a variant of this 'compensatory' principle follows a totally different logic by taking the level of **expenditure** on education into account (rather than the level of family **resources**). This results in greater support for wealthier families who, in general, spend more on the education of their children.

AIMS OF THE SYSTEM

The **aims** of an educational policy clearly have to be seen in relation to its basic principles. They make these principles operational. The main aims are as follows:

- ensure that the most financially disadvantaged can enter higher education;
- boost social mobility;
- raise the level of education of the population;
- limit the period of study;
- minimise student debt.

Enabling the least well off to study has to be seen in direct relation to the principle of equality of access. The latter is, in particular, the justification for measures targeted at a certain type of population as opposed to services available for all. On the other hand, the aim of boosting social mobility or fighting elitism in higher education is not always conspicuous. While countries in general appear determined to prevent discrimination associated with economic problems, not all are necessarily tending to boost social mobility.

Countries in which the average time taken to complete courses is long, usually seek to counter the trend. This objective may be viewed in conjunction with the idea that students have an obligation to complete their courses satisfactorily. Yet it also corresponds to the determination to rationalise the cost of higher education (in terms of both the funding of studies and financial support to students).

It is important to bear in mind that objectives defined in this way are not necessarily achieved. Thus the wish to raise the level of education of the population is an aim shared by most societies. However, it is fulfilled to a varied extent from one country to the next and, in some cases, the demand for education is so strong that governments do not need to implement specific measures to attract young people towards higher education.

The economic, political and social context may well have evolved significantly throughout the entire period under consideration. All changes and events altering this national context constitute a group of relevant factors liable to affect the support system and influence it in one way or another.

FACTORS POTENTIALLY UNDERLYING CHANGE

The most significant potential factors which have made their impact felt in the last 30 years, and are noted in the present analysis are the following:

Economic crises, public debt, budgetary restrictions

Many countries have experienced and/or are still experiencing a difficult economic situation. In most cases, the processes of recession and inflation have been originally attributable to the so-called 'oil' crises of the 1970s. In some countries, public money was used extensively to counter the effects of this economic crisis. As a result, they ran up a considerable public debt that subsequently had to be absorbed to meet the economic convergence criteria of the Treaty of Maastricht. Yet, as the analysis indicates, these circumstances characterised by budgetary austerity have not had the same impact on either student support budgets or the aims that were pursued.

Political movements

The political bearings of a government can substantially alter the balance of the basic principles at issue and, in particular, that of the obligations of the State or the principle of equality of access. Furthermore, a change in power structures such as that which occurs during federalisation or reunification also plays a part in the development of arrangements for financial support.

Rising student enrolments

The size of the student population can have a marked bearing on the support students receive. Countries where there is massive student enrolment are less inclined to develop their support systems than those that are constantly seeking to boost their student population. The limited enrolment capacity of institutions may also lead to measures not only to limit the growth of student numbers but to adapt systems of financial support.

Student debt

Naturally, student debt is a factor linked to loans provision. It also depends on the terms of repayment, including interest rates, and the share of loan support relative to grants. Besides adversely affecting students themselves, debt exacerbates problems related to the cost of public expenditure (because of the defaulting on repayment). It may also run counter to the principle of equal access, in so far as those who are poorest may have the most to fear from incurring debt. Indeed, it is arguable that fear of debt may tend to deter young people from investing in higher education in general.

Student reliance on paid work

Student involvement in paid work is a factor underlying change. Some argue that it represents a misuse of time that should be spent studying, thus compromising the efficiency of courses and lengthening the period required to complete them. In so far as higher education institutions are generally funded in accordance with their student enrolment, the increase in enrolment resulting from longer periods of study has a positive impact on the budget for approved public expenditure on higher education. Reliance on remunerated employment may be due either to inadequate financial support, or a cultural trend arising from the belief that young people should be independent.

The length of courses

Courses may last a long time either because of the structure and traditional administration of courses in some countries, or because students have resorted to part-time work. In both instances, excessive length constitutes a major problem and is a focal point for reform of support systems in certain cases.

Malfunctioning of support systems

Malfunctioning occurs in particular when support does not reach its target group, as a result of fraud, or when an initiative directed at a small number of students at the outset is so unexpectedly popular that it completely distorts the original budgetary calculations.

Unemployment

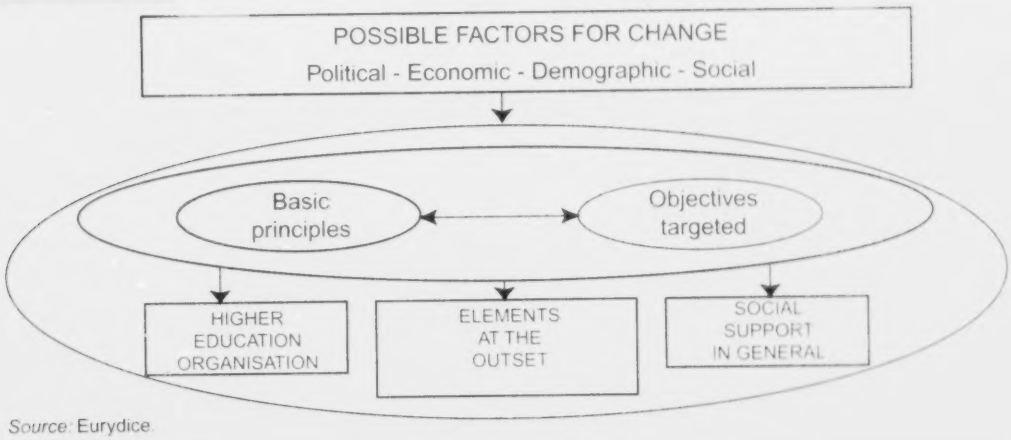
A high rate of unemployment, in particular among the least qualified, is potentially a factor which may strengthen the aim of raising the level of education among young people, and thereby stimulate public spending on student support. Graduate unemployment, on the other hand, may inhibit determination to boost the level of training of the general population and public investment in higher education.

Other relevant parameters

Other elements also have to be taken into account in the analysis. Although they correspond to influences external to the financial support system, they are directly relevant in so far as they enable the above-mentioned objectives to be achieved in a way consistent with respect for the basic principles without affecting the system itself. These elements include changes in the structure of higher education and the curriculum for the purpose of reducing the number of years normally required to complete courses, as well as methods of funding and quality evaluation introduced in higher education institutions so that their students make normal progress, thereby limiting their overall period of study. Changes in government social assistance other than student support (for example, the amount of unemployment benefit, and the regulations for obtaining it) may also have implications for whether or not young people decide to undertake higher education.

Figure II.2.1 shows the different elements taken into account in the analysis, as well as the relations between them.

FIGURE II.2.1. FOUNDATIONS OF THE DEVELOPMENT OF STUDENT SUPPORT SYSTEMS



Source: Eurydice.

METHOD OF ANALYSIS

In seeking to determine how and why systems have developed in a given way, the analysis will be structured to group together countries in accordance with their **current** features (1997/98) and, in particular, with respect to their positions in relation to the following two axes, or pairs of opposites (already referred to in this study): personal contributions to the cost of education as opposed to state responsibility for all such expenditure; and family responsibility for meeting student living costs as

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against student financial independence (see also Part I, chapter 7). Given the significance of this classification in the contextual analysis, the position of countries with respect to these factors on the two axes is shown once more in Figure II.2.2.

Personal contributions to the cost of higher education, and the responsibility of families for the student cost of living.

These principles are features of Belgium, Spain, France, Ireland, Italy and Portugal. The personal contribution of families to the cost of education is doubtless strongest at present in Italy whose higher education institutions have acquired a certain measure of freedom in determining the amounts of fees, as well as in Portugal where tuition fees have been raised in the public sector, and one-third of all students attend private institutions which charge substantial tuition fees. Furthermore, families assume central responsibility for meeting student living expenses virtually everywhere throughout these countries even though, in France, student – as opposed to parental – means-tested housing allowances tend to boost student independence. All the countries award family allowances to the parents of students to offset the financial burden that enrolment of their children in higher education represents to them. In Ireland, however, this kind of assistance is no longer awarded to families when students have reached the age of 19.

Entire state responsibility for the cost of education, and the responsibility of families for the student cost of living.

This twofold approach is characteristic of Germany (with the exception of a few *Länder*), Austria and Greece. Tuition fees are non-existent, and the principle that higher education is free is virtually taken for granted. By contrast, family responsibility for the student cost of living is the universal norm and, here again, families receive allowances to offset their contribution in this respect. In so far as they share the same major principles, Luxembourg and Liechtenstein are also analysed within this group. However, one feature of both countries is that higher education is provided on a relatively small scale, with a relatively modest financial outlay offset by support for study abroad that is much more developed than in the other countries.

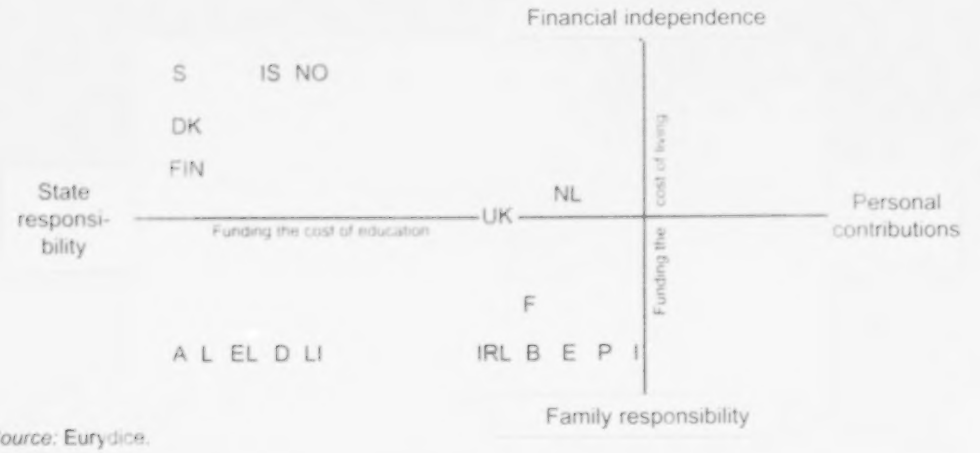
Entire state responsibility for the cost of education, and student financial independence

These principles are generally encountered in the Nordic countries, namely Denmark, Finland, Sweden, Iceland and Norway. However, the positions of each of these countries on the two axes of analysis require some qualification. First, Sweden and Norway have gone further than Denmark and Finland in providing for the financial independence of young people. Moreover, in Denmark, Finland and Sweden, the State assumes entire responsibility for the cost of education irrespective of the public or private status of higher education institutions whereas, in Iceland and Norway, a small percentage of private institutions charge tuition fees.

Personal contributions to the cost of education, and a midway position between family responsibility for the student cost of living and student financial independence

A separate analysis of the situation in the Netherlands and the United Kingdom is justified in so far as these countries are in a midway position on the axis that represents the financing of student living costs. Part of the support awarded to students is parentally means tested, while the remainder is not.

FIGURE II.2.2: POSITION OF COUNTRIES IN THE FUNDING OF HIGHER EDUCATION AND THE STUDENT COST OF LIVING, 1997/98



Source: Eurydice.

EXPLANATORY NOTE

Because the share of the personal contribution is everywhere less than that assumed by the State as far as the funding of education is concerned, all the countries are to the left of the vertical axis. To make the figure easier to read, this axis has been moved to the right.

B. RELATION BETWEEN CONTEXTS AND REFORMS

B.1. SYSTEMS WITH PERSONAL CONTRIBUTIONS TO THE COST OF EDUCATION AND FAMILY RESPONSIBILITY FOR THE STUDENT COST OF LIVING

In this group are Belgium, Spain, France, Ireland, Italy and Portugal. In a few of these countries, trends in their financial support systems cannot be understood without taking account of the major political changes which have deeply affected them in recent decades. Dictatorships in Spain and Portugal limited the development of their financial support systems until the mid-1970s. In Belgium, the establishment of a federal structure with the transfer of responsibility from the central government towards the Communities (in 1971 and 1989) had a major impact on the funding of education and, with it, the arrangements for student financial support.

FIGURE II.2.3: BOX SUMMARISING ASPECTS IMPORTANT TO AN UNDERSTANDING OF THE DEVELOPMENT OF SYSTEMS

OVERALL FEATURES OF SYSTEMS
[B, E, F, IRL, I, P]

– AT PRESENT:

All these countries are characterised by the same forms of support: grants for students from modest backgrounds, support to the parents of students in the form of family allowances or tax relief, assistance in the payment of registration and/or tuition fees. Limited possibilities for loans in the French Community of Belgium, France and Italy. Ireland is noteworthy for its recent abolition of tuition fees for most students and family tax benefits (1995).

– WHEN FIRST SET UP:

Almost identical, although France offered very limited loans from the first years of study. Variations relate more to differences in amounts for various forms of support and the development of tuition fees.

B.1.1. Basic principles when systems were first set up

Principle of equal access

This principle characterises all the countries concerned. Essentially, it meant enabling all who wish to undertake higher education, independently of their social or geographical background, financial circumstances or their sex.

Relation between the responsibility of the State and personal contributions

Everywhere, the State funded a very considerable proportion of the costs of educational provision borne by higher education institutions. When the systems were first set up, the amounts of fees were relatively low except in Ireland. In no cases were governmental contributions in the form of student support planned or meant to cover the entire student cost of living. Personal contributions were essentially those of the family as defined in the principle referred to below.

Family responsibility or the financial independence of students

All countries considered that families should provide for the needs of students until they were well into adulthood. There were no loans, except in France where they were not offered in the interests of financial independence but as an alternative to grants.

Compensatory and egalitarian principles

In all these countries, a share of support was offered on the basis of social background (grants, accommodation, exemption from tuition fees) while another part was available to all independently of it (including family and tax allowances and meals).

Student commitment to sound academic performance

Merit considered in terms of results at school, or in an entrance exam, was a criterion in all countries at the outset. The obligation on students to maintain sound academic progress was generally essential for the continued award of support with respect to social background. All countries awarded grants for one year renewable as long as students achieved satisfactory results throughout the whole of their undergraduate course. Assistance in the form of family allowances or tax relief was not linked to study attainment, but was cut off when students were considered to be no longer dependent on their parents (at the age of around 26 or 27). In France, family allowances and tax relief ended when students reached the ages of 20 and 25, respectively.

B.1.2. Aims at the outset

The initial aim of all systems was to remove any financial barrier that might confront anyone wishing to embark on courses in higher education. In general, the idea was to offset the financial difficulties of students from disadvantaged backgrounds. In France and Portugal, this objective went hand in hand with initiatives intended to improve conditions of study through the award of support in kind that was either means tested (housing) or universally available (meals). When arrangements for support were first implemented in Italy, the equality principle was reflected in the more precise aim of combating elitism in higher education. Furthermore, in most of these countries, virtually free higher education systems were regarded as an important feature of democratisation.

At the same time, assistance to families irrespective of their income was intended to relieve them of the financial burden that student children represented, consistent with the principle of parental responsibility.

B.1.3. Ways in which aims and principles have changed

The **principle of equal access** has remained unchanged in all countries within the group concerned. However, two important developments in the transformation of this principle into concrete objectives may be emphasised.

In Ireland, the abolition of tuition fees in 1996 for most undergraduate students was aimed at removing not only financial barriers to entry into higher education but **psychological** ones. In other words, free education was seen as a way of attracting more entrants into higher education from underprivileged social groups. In other countries, this virtually free provision which existed for years is now fast being dismantled, partly with the same aim in mind. Thus, in Italy, virtually free higher education largely encouraged the 'massification' of higher education, but without broadening the scale of enrolment from less privileged social strata, even though the desire to promote social mobility and fight elitism was a basic principle of the financial support system. Because of the very poor global economic situation, financial support to disadvantaged students was constantly cut back. Recent reforms appear to have given a new lease of life to the **fight against elitism** in higher education. The imbalance in student enrolment based on social background remains significant in Italy, with the majority of students (90%) from privileged social backgrounds. However, it is now claimed that, rather than free higher education, it is the payment of fees, on a scale linked to income, along with a strengthening of grants provision for the poorest, which help to make the system fairer.

With respect also to the principle of equal access, it should be emphasised that there have been changes in the way courses are organised in several countries in this group, with the aim of limiting selection mechanisms at work in primary and secondary education. Thus, as early as the 1960s, the secondary school curriculum in Ireland was unified and admission to higher education became dependent on obtaining the final school-leaving certificate. In France, the introduction of technical *baccalauréats* and then vocational *baccalauréats* followed the same logic. In Belgium, the 1970s reform of education opened up entry to higher education from the vocational streams. Only Spain appears to run counter to this trend with the introduction in 1990 of a vocational option that does not provide access to higher education.

What changed fundamentally throughout the entire period was the balance between the **compensatory** and the **egalitarian principles**. In countries in which the latter tended to prevail (negligible registration fees, subsidised meals for all), the shift towards a compensatory system was clear-cut. Fees rose with support dependent on social background (exemption or differing amounts), reduced budgetary resources for subsidised catering, and an increase in parental means-tested grants. This has been very clearly the case in Italy and Portugal. In Ireland, on the other hand, the egalitarian principle has taken the form of a general increase in support, together with an end to the payment of tuition fees for most undergraduate students (albeit with retention of lower registration fees) and abolition of family tax relief.

Trends in the three other countries are similar but less distinct. In Spain and France, there is an apparent wish to accentuate the compensatory principle. In Belgium, a levelling down of all support has been the result of budgetary restrictions and the need to cut back on public expenditure. On the one hand, grants awarded in accordance with the compensatory principle have decreased and tuition fees have risen, but the least privileged are only entitled to a reduction (not an exemption). On the other, the scope for family tax allowances has been altered so that savings on tax are the same for all, and no longer proportional to income.

The principle of **family responsibility** has not really been compromised. In France, there have been various initiatives to encourage the financial independence of students, but they are ancillary measures as will be seen in due course.

The **relationship between the responsibility of the State and personal contributions** has changed in the countries concerned. However, as their systems operate with respect to a great many different variables, it is very difficult to evaluate the scale of these changes in the balance between the two considerations. However, it is clear that the abolition of tuition fees for most students in Ireland is part of a process to increase state responsibility. Similarly, in France, the increase in budgets earmarked for the various forms of support seems to reflect the same tendency. The different measures in Belgium, on the other hand, have tended towards an increase in personal contributions. It is in Italy that the change of direction appears sharpest. The determination to increase personal contributions on the part of those who have the necessary resources, and to step up state provision for the poorest, is attributable to the fact that the tax-based contribution to higher education of the entire population seems blatantly unjust in the light of the imbalance in enrolment, and the over-representation of wealthier social groups in education at this level.

The merit criterion in eligibility for financial support and, in particular, grants, was rapidly abolished in all countries in this group, except in Italy where, for budgetary reasons, results in the *maturità* were taken into account until 1997. At that time, the significance of the criterion diminished, the aim being to have just the single economic condition for entitlement to support, and just the criterion of satisfactory results within the specified period for grant entitlement to be maintained. The student obligation to succeed for support to be maintained has been slightly amended in Spain and, above all, in Portugal. Since 1997, it has been possible in Portugal to fail twice while still retaining entitlement to a grant. There is discussion on this theme in the Flemish Community of Belgium and in France where it is the subject of student calls for action. In Italy, the liberalisation of curricula at the end of the 1960s led some students to associate financial support with social assistance. It was not until the reforms of the 1990s and the substantial increase in grant amounts that an amendment requiring repayment of grants in the case of unsuccessful study was introduced.

B.1.4. Factors underlying change

Economic crises and public debt

Economic crises did not have the same repercussions on student support budgets in all countries in the group analysed. In France, the crisis that began in the mid-1970s did not affect the amounts earmarked for support. After remaining at a standstill in the 1960s and 1970s, they steadily increased. Economic difficulties in Spain and Portugal did not apparently result in a decrease in support. It should be remembered that these two countries really developed their current support systems after the oil crisis. Italy and Belgium seem to have been more markedly affected by economic problems and, in particular, the scale of their public debt. In both countries, the adverse effects of the economic crisis were countered by an expansionist budgetary policy and, for years, support budgets (or at least the grants budgets, for which figures are available) steadily declined, although they were not subject to special reform – the amounts and income ceilings for award were simply not adapted to the cost of living. While in Belgium the process appears to have continued, Italy underwent a definite turnaround in 1995. The contrasted developments in these two countries which had to confront similar budgetary problems (and especially that of their debt) is more particularly attributable to economic factors (see below).

What has happened in Ireland seems anachronistic in comparison to the other countries in this group. While the country experienced recurrent economic difficulties into the 1980s which were to inhibit the development of the student financial support system, the years since 1993 have witnessed unprecedented economic growth. The country abolished tuition fees for the majority of students in the mid-1990s and intensified the development of higher education.

Growth of the student population

The growth of the student population has been a potential factor for change in so far as countries have been overwhelmed by enrolments and applications for financial support. In Portugal, this growth has long been controlled by a *numerus clausus*. Furthermore, the country has engaged in a ceaseless effort to raise the number of places available in its higher education system. In Spain, institutions have been increasingly cutting back on places, in accordance with their individual enrolment capacity. Besides, some form of academic attainment has always been among the conditions attached to assistance, so that the number of grants awarded can be made compatible with the budget for support, irrespective of the number of applicants. This is also the case in Italy where the merit criterion has ensured that the normal budgetary provision will not be exceeded. In Ireland, growth has been controlled by limiting the number of places. The only two countries which have to address the issue of excessive enrolment are thus France and Belgium, in which access to most courses is unrestricted and the number of grant applicants is not always predictable. In France, the amounts of support have reflected the development of the student population. Its growth has had no impact on the proportions of recipients. Belgium, on the other hand, has witnessed a fall in the number of recipients, despite increased student enrolment (which has led to a drop in the proportion of students assisted). In the French Community of Belgium, this situation is attributable to the non-indexing of family income scales for the award of support which, in real terms, has the effect of making the conditions of award more restrictive. In the Flemish Community, it is the result of a change in the conditions of award themselves. The indexing of family income scales was subject to an annual decision until 1997/98. Since 1998/99, it has been carried out as a matter of course.

A slight fall in the student population is currently observable in France. In Spain, forward projections point to a marked decrease in university student enrolments in a few years. By contrast, in Ireland, all expectations are of impending growth in the student population.

Political movements

The change of government in France had an impact when the Left came to power in 1981. After a sluggish period in which support budgets were constantly held in check, irrespective of any overriding economic justification, the arrival of the Left led after some years to renewed grant support that has been maintained ever since. The start of the 1990s witnessed the introduction of several measures intended to improve student living conditions, and the new governing majority in 1993 did nothing to challenge them. From 1993, the increase in support steadily intensified. However, in the same period, other initiatives which appeared to favour the wealthiest seemed, as a result, inconsistent with the possibility of stepping up parental means-tested support. They included accommodation allowances on the basis of student income, and tax allowances on provision by parents for the subsistence of their student children. This latter measure introduced in 1993 coincided with the return to power of the Right.

In the French Community of Belgium, changes of government also affected the support system. The 1978 reform known as the Michel Decree sought to convert student grants into loans for those in the second stage of their studies (after two years). Introduced in a period when the economy was deteriorating with a growth in public debt, this measure was never fully implemented, as a result of a general lack of interest in the banking sector and a change of government the following year. After widespread criticism on the grounds that it was discriminatory, the measure was abolished a few years later, with the debt still mounting steadily. Subsequently, the responsibility for education assumed by the Belgian Communities and its funding from government allocations, with no scope for taxation or borrowing, led the former to operate within an inflexible budget, support from which could not be adapted to the growth in the student population.

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In general, periods of political instability with constant changes of government have held back the development of financial support systems. Such was the case in Portugal for some years after the end of dictatorship and in Italy for several decades. Here, in fact, the transfer of management of financial support to the regions by the responsible national body in 1977, but without any overall national regulations, encouraged the growth of regional disparities, and limited the management role of the central government. More uniform criteria in this area have only been introduced in the 1990s.

Malfunctioning of support systems

Among the forms of support awarded to families, some countries provide for tax allowances on financial contributions by parents to the subsistence of their student children. Introduced in Ireland in 1984, this system was abolished ten years later for budgetary reasons and in the interests of greater fairness. For such support favours the wealthiest who have the means to support their children in this way. It was also enormously costly to the State as a result of its success, to the point of a tenfold increase in a decade. The same system implemented in France in 1993 met with similar success. Initially a fringe benefit, these tax allowances assumed such proportions that they were greater than the amount earmarked for grants. The unexpectedly successful introduction of housing allowances in accordance with student means-tested income also prevented a balanced budget, with the outlay for these allowances currently about the same as the grants allocation. Indeed, awareness of such budgetary imbalances across the different forms of support has led to an increase in this allocation by the French government.

Efforts to balance budgets for different forms of support

The development of financial assistance for the poorest has often existed alongside measures that affect a larger proportion of students, and may even favour the wealthiest. These two kinds of initiative result in a real polarisation of support. Governments have regularly sought to restore balance to the system. Thus the rise in tuition-fees in Portugal, which was widely opposed by students (and their families) at the outset, was regarded more favourably following the introduction of measures for the extension of possible tax allowances. A broadening of tax relief also followed the partial liberalisation of tuition fees requested by Italian institutions.

Difficulty in targeting students who lack financial resources

In most countries, there is considerable difficulty in targeting students of limited means because conditions for the award of support are based on tax declarations – an area in which fraud is very widespread. Although it is not a real factor underlying change, fraud compromises the credibility of a system of means-tested grants and may discourage political authorities from any move to raise grant amounts.

In certain cases, such as in Portugal, fraud has led to a relatively strict system of inspection (including interviews and visits at home). Tax declarations are also unsatisfactory for assessing the standard of living of independent workers. In Italy, information about property is taken into account in addition to declarations of income. Finally, tax declarations indicate the resources of families one or two years before their children apply for grants by which time their circumstances may have changed. Proposals for improving these estimates of family resources are under discussion in the Flemish Community of Belgium.

Paid work among students and the emancipation of young people

Generally speaking, in most of the countries concerned, students are dependent on their families. The success of tax measures enabling parents to deduct subsistence contributions for their student children has reinforced this tradition in France. When such measures existed in Ireland, their success was similarly self-evident.

Most students who obtain paid work are from poor backgrounds. They are unable to rely on the support of their parents to provide for themselves, and assume that proportion of the cost of living not covered by their grants. In Italy, massive drop-out of students employed part time has led to them being offered opportunities to secure part-time work on their courses within universities which offer them tax-free remuneration. These proposals have proved attractive for students in providing them simultaneously with a source of income and work experience. A survey in Ireland in 1995, before tuition fees were abolished, showed that around half of all students worked part-time to pay for their education.

The phenomenon of paid work among students in these countries reveals above all the inadequacy of support awarded in accordance with parental income. The question of young people increasingly seeking financial independence has also been a relevant issue in the same countries, in which the average age of students is rising. In this respect, France has introduced two kinds of measures, namely housing assistance means tested with respect solely to student income, and the introduction of loans. The latter were totally unsuccessful given the reluctance of the banks to offer loans without firmer guarantees of repayment, and the students for whom the terms were in any case unfavourable.

Unemployment and graduate salary levels

Generally speaking, higher education in all countries within this group is an attractive proposition. High unemployment rates among unqualified young people are a key incentive for them to study. Differences between salary levels in jobs requiring a higher education qualification and other forms of employment are no less of a motivation. Consequently, in Spain, Ireland and Portugal, the demand for places in higher education has regularly exceeded the supply.

B.2. Development of systems in which the State has assumed the entire cost of education, with families contributing to the student cost of living

In this group are Germany, Greece, Austria, Luxembourg and Liechtenstein. The five countries are analysed jointly because, in contrast to the previous group, they provide higher education free of charge. Changes observed in the support systems of some of them have to be considered in the light of certain major political developments, such as the reunification of Germany in 1990 and the period of dictatorship in Greece from 1967 to 1974.

FIGURE II.2.4: BOX SUMMARISING ASPECTS IMPORTANT TO AN UNDERSTANDING OF THE DEVELOPMENT OF SYSTEMS

OVERALL FEATURES OF SYSTEMS

[D, EL, L, A, LI]

- AT PRESENT:

  All these countries are characterised by the same forms of support: grants and/or loans for students from modest backgrounds, support to the parents of students in the form of family or tax allowances irrespective of income.

- WHEN FIRST SET UP:

  Almost identical. A major change has been to link family assistance to student attainment in Austria; another has been the introduction of tuition fees in some German *Länder*.

B.2.1. Basic principles when systems were first set up

Principle of equal access

It is through free provision, more than anything else, that equal access to higher education seems to be a basic principle of arrangements for student support in these countries. Luxembourg and Liechtenstein, where opportunities for higher education are limited, are committed to ensuring free study abroad by repaying the tuition fees that their students may be charged in other countries.

Allowing for this common aspect, the principle of equal access has a greater or lesser part to play in determining support meant to cover the cost of living.

In Austria, policies to offset social inequality have been based more on the development of the Welfare State than the promotion of educational opportunities. Furthermore, the idea – apparently very widespread in this country – that society is stratified, and that all people have their own individual position in the social hierarchy, runs counter to social mobility in general, and more egalitarian educational opportunity in particular. When Germany first set up its system, the equality principle resulted in more fairly balanced vocational prospects, with financial support awarded on an individual basis, rather than an attempt to compensate for social inequality through provision tailored to the needs of different social categories.

By contrast, in Greece in 1964, the principle of equal access was reflected in a determination to secure social justice by enabling would-be students from poorer sectors of the population to enter higher education. The system was based on free provision and support for those most in need. The abolition of tuition fees in 1964 was determinant from the standpoint of social mobility.

Relation between the responsibility of the State and personal contributions

In Germany, government contributions do not cover the entire student cost of living. Personal contributions – essentially those of the family – have always been deducted from the state subsidy. By contrast, when Greece and Austria established their support systems, the maximum student grant was calculated to cover the entire cost of living. In Luxembourg, support initially had three components, namely grants, interest-free loans and high-interest loans. The personal contribution resulting from loans was thus an integral part of the system.

Family responsibility or the financial independence of students

All these countries considered that families should provide for their student children until they were, relatively, quite old and family assistance was available to help them do so. It was offered on a fairly generous scale everywhere except in Greece in which the resources available to the State were not proportionally on the same scale as elsewhere.

Compensatory and egalitarian principles

In all countries, a share of the support (the grant) was awarded with respect to the financial resources of students and their families, while an additional share was available to all, irrespective of income (family assistance, transport concessions and health care, as well as books in Greece, etc.). The budgetary allocations for non-means-tested family assistance in Germany and Austria were greater than those for students who were less well off. Clearly, therefore, the egalitarian principle prevailed.

Student commitment to sound academic performance

Satisfactory progress by students has generally been required for the continuation of support awarded on the basis of socio-economic background. This condition has been experienced as especially restrictive in countries such as Austria, where the traditional academic freedom enjoyed by both teachers and students has hardly been an incentive to the latter to achieve good results fast. Student grant-holders have thus had to perform efficiently in systems where efficiency is not the norm. In Greece, grants were awarded and maintained subject to satisfactory completion of each year of study. As well as similar requirements of attainment and progress in Liechtenstein, merit has also been a criterion there in the award of support for the first time on entering higher education. The more general personal qualities and aptitudes of applicants for support are also taken into account at this stage.

When financial support systems were first set up, family assistance in the form of allowances or tax relief was not linked to student performance in any of these countries. It was cut off when students reached the age of 26 or 27.

B.2.2. Aims at the outset

Besides their determination to abolish financial barriers, the systems first established in Germany, Greece, Luxembourg and Liechtenstein clearly pursued an educational objective. This was to train enough young people to meet the needs of industrialised society, thereby stimulating training activity, and to provide the economy with the highly qualified workforce it required. Democratisation was an aim in Luxembourg in which the system of support attempted to facilitate and broaden opportunities for study.

As a rule, the purpose of assistance to families was to lessen the financial burden to them of children who were students. In Austria, however, there has been a recurrent debate characterised by two opposing schools of thought regarding the purpose of assistance to families. The first would use it primarily as a mechanism for redistributing resources away from the richest families and towards the poorest. The second would see it as a way of easing the financial burden on parents of children who are students, bearing in mind that the richest families spend most on their children's education. The egalitarian option, which was influential in the conversion of tax allowances into family allowances with identical amounts for each child, was the result of a compromise between these two viewpoints.

B.2.3. Ways in which aims and principles have changed

The principle of equal access was maintained during the period analysed. Although, in Austria, the concept of a stratified society, in which each person occupies a specific level in the social hierarchy, was challenged by progressive thought in the 1960s and 1970s, it has continued to influence educational policy.

Germany and Austria have also been characterised by highly selective secondary education systems that stand in some contrast to the current broadening of opportunities, in the other countries, to enter higher education via their vocational streams.

The balance between the **compensatory** and **egalitarian principles** has changed in all countries analysed except Luxembourg. Initially, the egalitarian principle was very clearly conspicuous (with non-existent registration fees and non-means-tested support for all). But it gave way to a gradual tendency towards a more compensatory system.

The corresponding trend in Germany was first reflected in a steady fall in the number of recipients of grants and loans combined, from 45% in the 1970s to 20% at the end of the period under consideration. However, a clear trend towards polarised support has emerged only very recently. Two signs of this break with the egalitarian principle have thus been the incorporation of family allowances within the system of tax allowances, and legislation in some *Länder* for the introduction of registration fees, which is also being debated throughout Germany. Some say that if the principle of free higher education still respected in the majority of *Länder* is compromised, means-tested support should be introduced to help the students who have to pay these fees.

Since the beginning of the 1980s in Austria, the conversion of a share of family allowances into tax-deductible support for families with students abroad, further exemplifies a trend towards support concentrated in favour of the wealthiest. As has been pointed out, tax allowances operate generally to the advantage of the richest, whereas family allowances go to everyone on the same basis. However, a constant fall in the proportion of grant-holders since 1970 gave way to a slight upturn in 1992, suggesting that the compensatory principle is perhaps regaining significance.

It is difficult to evaluate the impact of assistance to families in Greece, because the total amounts of such support are not available. While students who have hardly any money receive substantial assistance (with housing and free meals), certain forms of support consistent with free higher education are available for all (such as free textbooks and cheap public transport). Debate as to whether books should remain free of charge suggests that Greece, too, is finely balanced between the egalitarian and compensatory principles.

In Liechtenstein, the amendment to the 1963 law increasing the upper income limits for awards, as well as the scope for tax allowances, responded to the criticisms which, at the time, were directed towards a lack of concern for the circumstances of families from middle-class backgrounds.

The principle of **family responsibility** has not really changed in these different countries. In Austria, between 1963 and 1992, the idea of grants as a partial contribution to living costs was introduced just when there was a rise in the number of those receiving support. After 1992, the maximum grant was once more calculated to cover the entire cost of living. However, this did not belie the general principle of family responsibility, as only the worst-off obtained the maximum grant. In Greece, the amount of the grant initially intended to cover living costs has steadily diminished.

The relationship between the **responsibility of the State** and **personal contributions** has altered in all countries in this group. However, since these systems operate in accordance with numerous variables, as in the case of the previous group (see B.1), it is hard to evaluate the extent of such changes. Nevertheless, it would seem that the responsibility of the State is waning everywhere in

favour of personal contributions, except in Luxembourg, in which the purpose of the 1992 reform was to lessen the financial burden of students in loan repayments.

Student obligation to demonstrate satisfactory academic performance has been clearly intensified in Germany and Austria. In Germany, this has assumed the form of a 'loans only' policy for students who take longer than the authorised period to complete their courses. In Austria, family assistance which, until the mid-1990s, was granted on behalf of all students has since been linked to academic attainment. The imposition of this condition in a country where students have not traditionally been encouraged to complete their courses within firmly fixed periods has resulted in a very dramatic fall in the numbers of those set to benefit from this kind of support. Finally, in Greece, the criterion of merit-linked access to courses has been maintained.

B.2.4. Factors underlying change

Economic crises and public debt

It is only in Germany that economic crisis appears to have directly affected financial support. The generosity of the 1970 BAfoG (Federal Law to promote Education) which governed the award of such support, was not maintained for long. Revised grant scales very soon fell short of the rise in the cost of living, leading to a drop in the number of recipients and grant amounts, as well as the conversion of the grants system into one with a compulsory combination of grants and interest-free loans. At first, in Austria, the economic crisis had hardly any repercussions on the support system. The effects of the crisis were largely offset by massive state investment in the economy. The resultant big increase in the public debt led to austerity measures and controls on public expenditure designed to meet the economic convergence criteria of the Maastricht Treaty. First introduced at the end of the 1980s, these initiatives were intensified in the course of the 1990s, and underlie all restrictive measures recently applied to the different components of financial support.

The economic crisis has not affected financial support in Luxembourg and Liechtenstein. The only major reform implemented in Luxembourg has been directed towards an improvement of the system which has become very generous. In Greece, the economic situation has remained problematic since the support system was set up. However, economic crises and austerity policies have not led to any fall in public expenditure on education. The measures in force – most of them egalitarian in nature (including free education and textbooks) – could not be amended since the political cost of any change would have been too much for any government to bear. The effect of the growth in student enrolment was to step up expenditure on financial support for all.

Growth of the student population

In this group, the only country that has had to address the question of a 'student surplus' has been Germany, in which entry to most courses has been unrestricted and the number of applicants for grants is not always predictable.

In Greece, growth has been kept under control by a *numerus clausus*. In addition, criteria for the award of support have always included an element of academic attainment that has made it possible to bring the number of grants awarded into line with the support budget, irrespective of the number of applicants.

Furthermore, the country has ceaselessly attempted to raise the number of places available in higher education. The growing student population of Luxembourg is increasingly turning to study abroad, while support to help it do so is also increasing. In Austria, neither the government nor society in general considers further expansion of the student population to be desirable.

Political movements

The biggest political movements have been evident in Germany with the integration of the new *Länder*. Reunification has had repercussions not only for the economy in general, but also the number of recipients under the terms of the BAföG, since students in the new *Länder* have generally been less well off than the remainder. This has had a considerable impact on the student support budget for grants and loans. In Greece, most reforms have also been attributable to political changes. In 1964, the first reform of education occurred after a centrist party came to power. The 1965 change of government, followed by the military dictatorship in 1967, placed a moratorium on most of the measures the reform entailed. In 1975, the second reform followed the fall of the dictatorship and the arrival of a right-wing government. A socialist government accomplished the third reform, in 1981. However, it should be noted that, whatever the government and the period concerned, most decision-makers have been obliged to introduce measures aimed at broadening the supply of education to respond to greater demand for it. The abolition of tuition fees in the first reform has been partly responsible for this phenomenon.

Paid work among students and the emancipation of young people

In Germany and Austria, where the principle of student dependence on their families has been embodied in the legislation, most students have worked part time in order to pay for their education, which has tended to lengthen the time needed to complete their courses. The possibility of awarding support to students, irrespective of family income, has been raised in both countries. In Germany, concrete proposals were even formulated for basic support to all students regardless of parental income. They were neverthciess rejected because they stood to deeply undermine family law and the structure of tax legislation, and also because they were too costly given the state of public finances.

Longer than normal periods of study

As already mentioned, the organisation of courses in Germany and Austria has left students some margin of manoeuvre in deciding how frequently they take exams. This is in some contrast to financial support increasingly linked to satisfactory exam results. There is ongoing debate in Germany about the possibility of scaling the funding of higher education institutions to the number of their graduates. This strategy would strongly encourage institutions to provide education in a form that shortened rather than lengthened their courses. Until now, however, the distinction between the two kinds of funding (support to students and the financing of education) has been preserved.

Unemployment

It is in Germany that unemployment has really affected financial support whose purpose at the outset was primarily educational. One of the aims was to stimulate training resources so as to provide the economy with a skilled workforce. This objective has become obsolete as a result of unemployment among young people in general and, more particularly, because of the growth of graduate unemployment. Arrangements for financial support have been left weakened in so far as only the social policy aim remained to underpin them. The disappearance of one of the two goals underlying the entire system of support may explain why the amounts earmarked for student financial assistance have been gradually reduced.

B.3. Systems in which the State has assumed entire responsibility for the cost of education, with student financial independence

This group contains the five Nordic countries included in the study. With the exception of a few persistent differences, the development of their systems has become increasingly similar. Most of the changes that have occurred have been concerned with the conditions governing the award of support, the share of grants and loans, and interest rates.

FIGURE II.2.5: BOX SUMMARISING ASPECTS IMPORTANT TO AN UNDERSTANDING OF THE DEVELOPMENT OF SYSTEMS.

OVERALL FEATURES OF SYSTEMS

[DK, FIN, S, IS, NO]

- AT PRESENT:

  Combination of grants and loans awarded with respect to student income. Variations as regards the grant share: over 60% in Denmark, over 50% in Finland, around 30% in Sweden and Norway, and solely loans in Iceland. No assistance to families. Higher education is free except in the subsidised private sector in Iceland and Norway. Loans, some of whose interest is subsidised in Denmark, and to a lesser extent in Sweden and Norway. State-subsidised interest-bearing loans in Iceland. State-guaranteed loans at market rates of interest in Finland. In contrast to the situation in countries already analysed, the State has never granted assistance to the parents of student children in higher education.

- WHEN FIRST SET UP:

  Situation identical to that at present with three exceptions:

  – support was awarded with respect to family income everywhere, except in Iceland;

  – grants played a much less significant part than loans;

  – loans were financially more advantageous to students: state loan subsidies were bigger in Sweden and Norway, and interest rates were fixed by the government in Finland; loans in Iceland were at low nominal rates relative to the inflation rate. In the case of the two latter countries, the real interest on repayments was thus negative in periods of high inflation.

B.3.1. Basic principles when systems were first set up

Principle of equal access

This was evident in all countries. The purpose was to ensure that everyone had the same opportunity to study. In Norway where those resident in the northern regions were at a considerable disadvantage in terms of study opportunities, specific forms of support were developed to counter these regional inequalities. In Denmark and Sweden, the principle of equal access was conceived differently. Here, the idea was not only to remove all financial barriers but to draw students from disadvantaged social backgrounds into the educational system. In Iceland, the loans system was based on a desire to offer universal assistance that guaranteed access to all.

Relation between the responsibility of the state and personal contributions

All countries decided that a share of the cost had to be assumed by the State and another share by students and/or their families. The balance between the two contributions was evident, first, in the grant amounts awarded to students and, secondly, in the scale of the state subsidy to honour loan interest rates. The two mechanisms were interrelated. In Sweden, the issue resulted in a limitation of

the grant share. It seemed normal that the student cost of living should be only partly met from public funds, since graduates subsequently often earned the highest salaries.

Family responsibility or the financial independence of students

The situation varied from one country to the next. In Iceland, students had always been considered financially independent from their families once they reached the age of 16 (raised to 18 in 1998). In the other Nordic countries, families did not seemingly have to provide for the subsistence of their student children beyond the age of 18, except in Finland. In this country, the idea of the family contribution was a strongly maintained principle when the system was established. In reality, the Nordic countries have been noteworthy for the independence of their students. Very few of them live with their parents, and most have other sources of income obtained through paid work, or via loans.

Compensatory and egalitarian principles

In all the Nordic countries except Iceland, student cash support was parental means tested throughout the 1960s. Thus these countries conformed to a compensatory principle intended to help young people from the poorest families. In Iceland, on the other hand, the egalitarian principle prevailed before the loans system was introduced. As early as the start of the century, grants were offered to all students by the University of Iceland, irrespective of parental income.

Student commitment to sound academic performance

This principle has not been interpreted in the same way in all countries. In Finland, Sweden and Norway, students have had to satisfactorily complete a minimum proportion of their course workload for support to be continued. In Denmark, they have to pass their exams, although partial failure may be accepted if students have made a demonstrably real effort to pass. In Iceland, no condition regarding attainment was laid down at the outset.

Aims at the outset

The only objective common to all support systems in the Nordic countries was the removal of any financial barrier liable to prevent would-be students from studying. Over and above this particular objective, other goals included greater social mobility with a view to ensuring more socially balanced enrolment in higher education in Denmark and Sweden, and a better level of education among the population in Finland. In Norway, the aim was to ensure enrolment in higher education on a fairer basis, and to use arrangements for support as a mechanism for achieving greater social justice. In Iceland, the purpose of the system was to provide for the well-being of students. Here, the educational aim of developing human capital was not regarded as among the tasks of student support.

Two further aims more closely linked to the question of student financial support were also pursued by these various countries in the 1960s. The first was to lessen graduate debt, particularly in Sweden and Norway, while the second was to reduce paid work by students, and the time they took to complete their courses, especially in Denmark and Finland.

In all these countries, both goals were attributable to the tradition of independence among students who *de facto* looked for sources of income other than their parents in order to provide for themselves. Their general wish to do so was probably the most distinctive feature of the countries concerned. Even before the national support system was set up in Sweden, most students not in receipt of public assistance from elsewhere took out private loans. The introduction of state-subsidised loan arrangements in the 1960s was specifically intended to lighten their debt burden. In Denmark and Finland, on the other hand, students were more inclined to turn towards paid work. And the combined grants and loans system of the 1970s in both countries was clearly meant to discourage this trend.

B.3.2. Ways in which aims and principles have changed

Principle of equal access

The **principle of equal access** has changed most noticeably in Denmark and Sweden where there has been a very clear determination to achieve greater social mobility. The aim of securing socially balanced enrolment appears to have gradually lost ground in Denmark at the end of the 1980s, with increasing emphasis on the efficiency of the higher education system and on its management in accordance with market principles. Evidence of greater social mobility has also declined in Sweden in the last ten years. By contrast, in Norway, the determination to fight unequal access led to broader measures for combating the perceived roots of inequality, in the 1980s.

Relation between the responsibility of the State and personal contributions

The **relationship between the responsibility of the State** and **personal responsibility** in meeting the student cost of living also gradually shifted towards a steady increase in state subsidies in Denmark and Finland, and a levelling out of expenditure in Sweden (a reduction in public loan subsidies with a corresponding increase in the grants share). In Norway, the reduction in the loans subsidy of the 1980s has been similarly followed, in the 1990s, by a rise in the proportion of grants. Only Iceland has lowered its state contribution since the 1990s. The current trend in this country is to regard education as a personal investment, in relation to which each individual is meant to reach a personal decision.

Family responsibility or the financial independence of students

In all the Nordic countries, it is the issue of **student financial independence** that has probably given rise to the greatest number of similar decisions, to become a truly consolidated principle. It was formally decreed in Sweden as early as 1968, not only as a question of principle but as a way of moving towards support for all, in line with a very egalitarian precept. It should be borne in mind that students there not in receipt of public assistance because of the high earnings of their parents, tended to take out private loans, thus incurring heavy debt. In Norway, the same kind of financial independence was established later. While the ministry supported the idea in principle, it believed it to be unrealistic in the prevailing economic climate. The parliament, nevertheless, approved it. In Denmark, financial independence was a widely debated issue. Although the socialist parties were in favour of it from the time the support system was created in 1971, it was only partially implemented in 1986 because it was long considered an exorbitant option by parties on the Right. Yet it was formally adopted when representatives of the latter shifted their attention from limiting expenditure on support, towards ways of improving educational efficiency. Consequently, they came to accept the principle of financial independence as a means of awarding support to all and, by the same token, reducing paid work among students, increasing the efficiency of their study activity and, thus, reducing the cost of courses. Furthermore, the same decision probably appealed to the richer families invariably represented by right-wing parties, since it discharged them from any further contribution to expenditure on education. In Finland, the financial independence of students for the award of support occurred later, for the principle of family responsibility was reiterated throughout the 1970s. The initial development was not until 1992, when students no longer living with their parents (the majority) received support irrespective of the latter's earnings. The measure was part of a reform intended, in particular, to reduce paid work among students.

Compensatory and egalitarian principles

The steady growth of financial independence among students has been clearly part of an egalitarian trend. The aim was to make support available for everyone. This gradually occurred in each of the countries except Iceland, in which the egalitarian principle had always prevailed. From as early as 1911, the purpose of grants there was to assist all students and, in 1952, loans were introduced to ensure universal support following the growth of the student population.

Student commitment to sound academic performance

Emphasis on the **student obligation to demonstrate satisfactory academic performance** has changed in all countries, in general when grants have been introduced, or the grants share of support increased. It has not seemed necessary to subject loans to a similar condition, since the obligation to repay them normally compels students to take their courses very seriously. On the other hand, the formal requirement that they should do so has been a natural consequence of action to introduce or intensify provision of grants. In Sweden, normal progress in the course of study was taken into account as soon as the grants element was introduced in 1965. In Denmark, the continuation of support was strictly limited in time, following the introduction of the voucher system when the grant share of support was increased. The increase in the grants share in Finland in 1992 led to restrictions on the normal length of courses.

Similar developments have occurred in Iceland, where since 1992 also, students have obtained loans only after they have successfully completed their first semester. In this country, in which only loans are available to students, this reform has been prompted primarily by economic considerations.

B.3.3. Factors underlying change

Economic crises

In this group, economic recession has affected in different ways, depending on the country concerned, the amounts of support, or the relative proportions of grants and loans, which have been made available to students.

It is probably in Iceland that economic difficulties have had the most extensive and, above all, the most long-standing impact on the system of financial support. From 1976, successive measures transferred a share in the cost of support to students. Economic difficulties and reluctance of the government to increase public support for the Icelandic Student Loan Fund led to indexing of the capital repayable. The result was to slightly push up the share in the cost of loans borne by students. In 1992, the Fund registered a deficit, partly because the government was continuing to cut back its contribution. The introduction of government-fixed interest rates of between 0 and 3%, in addition to the capital indexing, sharply increased the student contribution to the repayment of loans. Recently, these various measures have been slightly relaxed through downward revision of the proportion of income for repayment (from between 5% and 7% to 4.75%), and the introduction of support specifically intended for former students to cover overdue repayments.

In Denmark, the introduction of non-subsidised interest-bearing loans was a short-term measure in reaction to the 1973 oil crisis. Given the student debt that occurred as a direct result, interest payments were once again rapidly subsidised. Since then expenditure on student support has steadily grown, although the adverse consequences of the economic crisis have been increasingly to the forefront in political debate.

In Finland, grant increases have occurred in periods of both recession and growth, though in response to different needs. The economic decline of the 1970s, which made it harder to obtain bank loans, led to an initial increase in the provision of grants. Subsequently, economic recovery led to a further increase in the share of grants in financial support, this time mainly because of the waning popularity

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of loans. The economic crisis of the 1990s, initially led to a fresh increase in grants because of the effect of the crisis on the conditions for loan repayment. Finally, in recent years support has declined (with a fall in the value of grants) in the general context of restrictions on public expenditure.

In Sweden, economic recession did not lead to any diminution in public expenditure on student support, but it led to a close watch on it. At the end of the 1980s, awareness of the considerable cost to the State of its loans subsidy resulted in the government converting a share of this outlay into grants with, however, a rise in the proportion of interest rates borne by students. The aim was to improve the quality of support without increasing expenditure from the state budget.

Economic difficulties in Norway led the government to adopt a whole series of measures in the 1980s. Their purpose was to abolish the state contribution to loan repayments almost entirely. The considerable rise in interest rates included in these measures, aggravated student debt and, under healthier economic circumstances in 1994, gave rise to a fresh reform of the system comprising an increase in the grants share of total support and a lessening of interest rates.

The consequences of inflation for loans

In countries in which loans accounted for a major share of support, the marked growth in inflation until the end of the 1980s had a considerable impact, particularly in countries in which the authorities imposed a nominal fixed interest rate. When inflation increases, the real value of repayments falls. Thus, in Finland, with its government-fixed interest rates, the inflationary trend lessened the burden of repayments, which made loans more popular with students. The Finnish banking sector started to offer loans at market rates of interest during the 1980s and, under these circumstances, banks were increasingly reluctant to offer loans to students at the fixed interest rates required by the government. Faced with this tougher attitude to borrowing, the government authorised the banks to raise their interest rates on student loans. It then decided to offset the increase by raising grant amounts, rather than subsidising interest payments, as both operations simultaneously were not financially possible. However, the burden of interest rates led many students to avoid loans and turn to other sources of income, including mainly paid work and help from their families.

In Iceland in the 1960s, students obtained loans at very low nominal interest rates compared to inflation. With runaway inflation, the real value of repayment instalments fell, so loans were a very attractive proposition. Control over inflation no doubt reduced their appeal.

Growth of the student population

It was only in Iceland that the exceptional enthusiasm of young people for higher education and the increase in the number of applicants for support actually contributed to a change in arrangements for financial assistance. The growth in the student population created difficulties for the Icelandic Student Loan Fund so that students had to bear an increased share of the cost of loans. The difficulties encountered in providing financial support were partly attributable to unrestricted access to university courses. By contrast, in the other countries, the growth in the student population was relatively well controlled, and the effect of the conditions governing entry to higher education in Finland, Sweden and Norway was to create very selective systems. This feature has been less marked in Denmark for some years. In all these countries, there was no weakening in the wish to attract more young people into higher education.

Political movements

It would appear that, in the Nordic countries, changes of government have not had a major impact on the way support to students has developed. This may be because many reforms have been decided at parliamentary level, and not solely by the government. The fund which awarded support has also been a key player in Iceland and Norway. Furthermore, in most Nordic countries, with the exception of Finland, adjustment of support and the conditions of award to the cost of living is virtually automatic.

This somewhat limits any potential for flexible interpretation of the law, which may be observable in other countries.

B.3.4. Paid work among students and student debt

Both these factors have to be taken jointly into account in the analysis. While the two phenomena are evident to a variable extent in the Nordic countries, they have led to the same measures. They are also the by-product of a highly significant reality common to them all, namely the financial independence of students. If students get no financial assistance from their parents and live away from them, they can supplement their state provision either through paid work, or through taking out loans.

Yet the decision to work or to borrow is not merely down to the students. Up to a point, their action is determined by the system itself.

Debt

In Sweden and Norway, the grant share of support has always been limited, so debt among graduates is a recurrent issue. The response has been, on the one hand, to link repayment to graduate wages and, on the other, to gradually increase grant amounts to cover some 30% of the cost of living. However, in Sweden, this measure has meant transferring part of the cost of loans to students, with the aim of avoiding an increase in public expenditure. Many measures in Norway have focused on the terms of repayment. But linking it to income was discarded as complex and costly. The rise in interest rates and the small share of grant support to students living away from their parents were responsible for the student debt which increased at the end of the 1980s and into the 1990s. The authorities responded by lowering interest rates and increasing the share of grants to account for 30% of total support. Furthermore, the fear of debt, which may discourage students from undertaking long courses, explains among other things why Norway recommended the abolition of loan repayments for students embarking on courses of this kind.

In Finland, the question of the student debt burden was very much to the forefront in the 1970s when increasing numbers of students were contracting loans. It was settled of its own accord (without state intervention) with the growing reluctance of banks to offer loans to students. Denmark also went through a very short period in the mid-1970s, during which loans at subsidised interest rates were replaced by loans at market rates. The result was debt among students and initiatives to help them out. Simultaneously, in order to make higher education more attractive, grant amounts were increased, and thus debt was considerably reduced. For years in Denmark and Finland, grants have gone a long way to covering the cost of living. Consequently, students have been able to think realistically about avoiding loans and supplementing their income with paid work, which appeared less likely in countries where the share of grant support was modest.

For many years, debt was not a problem for students in Iceland. Indeed, in the wake of inflation, loans were obtainable on very favourable terms. On the other hand, the fact that the real value of the amounts to be repaid was falling constantly posed a problem for the government, which accounts for the measures introduced at the beginning of the 1990s. While amendments to the conditions for borrowing and repayment, which made loans increasingly less popular among students, did not result in greater debt, they led to a fall in the number of students who contracted loans and the amounts of money they borrowed.

Paid work

The problem of paid work has been evident mainly in Denmark and Finland. In Denmark, the greater period of time required by students to complete courses was long attributed to their undertaking paid work that compromised the effectiveness of studies. To restrict such work, the conditions of award were altered so as to no longer take account of parental income, thus permitting all students to obtain

support, and the value of grants was raised. These various changes (financial independence and grant increases) were not as effective as had been hoped, and a decrease in reliance on paid work was only observed when the voucher system was introduced with a limited period for support, enabling students to discontinue it when no longer needed, either because they had earned enough money, or had turned to an activity other than study. This was the only measure that had any real effect on paid work, not so much by reducing the number of students who relied on it as the time each individual student spent on it.

In Finland, paid work among students has been a factor underlying change on more than one occasion. Every time the amount of support has been inadequate, students have turned to remunerated employment. Only once was this trend less marked, following the 1972 reform which did provide sufficient assistance. It should be added that the amount of support has not been linked to the consumer price index, and has therefore tended to fall in real value between two reforms. A further incentive to indulge in paid work in the 1980s was the shortage of skilled workers in some sectors. Students were thus employed before they completed their courses, thereby securing an opportunity to establish familiarity with the world of work. The reaction was once again to increase the grant share of support.

Longer than normal periods of study

In Finland, courses that took students longer to complete than normally expected, gave rise, at the end of the 1980s, to public debate centred on ways of encouraging student attainment. However, no particular measures were introduced, as the authorities felt that financial support had a social function to perform, and was not simply a reward mechanism. Similarly, there was an apparent will to boost full-time study in Norway at the start of the 1990s. A bonus system (involving partial exemption from loan repayments) was provisionally established for students who had completed their courses in a reasonable time. However, it was rapidly abolished because it favoured the most gifted students, and thus appeared discriminatory.

In Denmark, the implementation of the voucher system, which limited the period within which students were meant to complete courses was part of broader changes in the way they were organised (introduction of management in accordance with market principles). Curricular organisation also had to be considered when it provided an opportunity for part-time students to extend their courses for an appreciably longer period. Thus, in Finland in the 1970s, the fact that the repayment of loans began after graduation, coupled with poor prospects of finding work, given an increase in unemployment, led some students to postpone graduation in order to defer the foregoing obligation.

Limited incentive to study

In Denmark and Finland, the increase in the grant share of support, already referred to more than once, has been partly attributable to the fact that, in general, students have not found higher education to be an especially attractive proposition. As a result, their apparent motivation to embark on study has not been sufficient to meet the general aims of the two countries, namely socially balanced enrolment in Denmark, and a higher level of education among the population in Finland.

More specifically, the amounts of unemployment benefit, along with the relatively limited salary scales were likely to deter young people from entering higher education. In Denmark, in the 1980s, the authorities attempted to make study at this level a more attractive proposition by increasing grant amounts. By contrast, in so far as this was no longer possible in Finland in the 1990s, alternative measures were introduced, which focus on other forms of social assistance and which seek, in particular, to award unemployment benefit to young people only if they are willling to study.

This lack of attractiveness of higher education has also been evident in Iceland. However, support there has not pursued the aim of developing human capital and has not, therefore, had to make the same adjustment. Restricting conditions for the award of support does not appear to have had a

significant impact on participation rates. However, the restrictions were introduced at the same time as a rise in unemployment, which may have been a factor encouraging young people to study.

In this country, which also has relatively flat income scales, there have already been calls for graduate salaries to be made more attractive than others, given the increasingly substantial personal cost of investing in higher education.

B.4. Changes in the systems of the Netherlands and the United Kingdom

The Netherlands and the United Kingdom stand out from all the other countries, as a result of recent reforms, at the end of the 1980s and the start of the 1990s, which have radically transformed the components of financial support, totally altering the overall structure of their systems. The present section will attempt to explain these two major reforms and the initiatives that have followed in their wake.

Figure II.2.6: Box summarising aspects important to an understanding of the development of the systems

Overall features of systems

[NL, UK]

- AT PRESENT:

  The two countries possess the same kinds of support: grants for students with few financial resources, support for all students irrespective of their social background or their income, in the form of grants and interest-bearing loans at market rates in the Netherlands, and limited-interest loans in the United Kingdom. Families of students receive no assistance. In the Netherlands, students receive support for the payment of tuition fees, partly in the form of grants and partly as loans. In the United Kingdom, the authorities paid the full cost of tuition fees, irrespective of student or parental income, until 1997. Since then students have paid for a part of their tuition to an amount determined with respect to their own resources and those of their families. In 1999/2000, loans are entirely replacing grants.

- WHEN FIRST SET UP:

  Both countries possessed radically different arrangements: in the Netherlands, grants and interest-free loans were awarded to students without much money. Family and tax allowances were also available for the parents of students. In the United Kingdom, there were grants for students of modest means.

B.4.1. Basic principles when systems were first set up

Principle of equal access

Equal access was one of the basic principles of financial support arrangements. In the Netherlands, the aim was to ensure that higher education was accessible to all social groups. There was traditionally broadly-based non-competitive access to higher education in the country, but the government imposed an increasing number of *numerus clausus* restrictions. In the United Kingdom, efforts were channelled not only into overcoming economic barriers, but also those linked to sex.

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Relation between the responsibility of the State and personal contributions

The State or the relevant authorities financed virtually the entire cost of higher education. Tuition fees in the Netherlands were not very high and, in the United Kingdom, were entirely paid for on behalf of most students by the relevant authorities. As to support for the student cost of living, it was borne partly by the public sector and partly by personal contributions, essentially on the part of the families of students.

Family responsibility or the financial independence of students

The responsibility of parents in providing for the needs of their student children was, at the time, a basic principle in the Netherlands and the United Kingdom. The original system in the United Kingdom established a balance between expenditure borne by the State and by the families of students. Family contributions to student living costs only had to be paid by families that could afford to do so.

Compensatory or egalitarian principles

When arrangements for support were first introduced in the two countries, the compensatory principle appeared to prevail over the egalitarian one. Support for students was directed mainly at young people from families of limited means. However, in the Netherlands, opportunities existed for assistance to be extended to families no longer on the basis of their resources but their expenditure. The amounts of this support depended on the proportion of costs for which families assumed responsibility.

Student commitment to sound academic performance

In the Netherlands, the organisational model for courses encouraged long periods of study. However, to obtain support, students had to demonstrate that they had the necessary ability to complete their courses satisfactorily. The obligation to make satisfactory academic progress was much stronger in the United Kingdom. Students had to successfully complete each year of their course in order to retain their entitlement to grants and the payment of their tuition fees by the relevant authorities.

Aims at the outset

In both countries, the basic aims were to give concrete expression to the principle of equal access, and to make higher education institutions more accessible to all students capable of benefiting, irrespective of their family income.

B.4.2. Ways in which aims and principles have changed

Principle of equal access

There has been unwavering respect for the **principle of equal access** throughout the whole period in both countries. It is probably the only aspect that has remained stable, all the others having been modified.

Relation between the responsibility of the State and personal contributions

The **relationship between the responsibility of the State** and **personal contributions** has changed in both countries. In principle, the 1986 reform in the Netherlands was not intended to be instrumental in this respect. It was expected that the overall amount of public expenditure would not be affected by changes in the components of support. It was a question of a transfer from a social assistance budget (that of family allowances) to the budget for student financial supoort. It was above all at the end of the 1980s and in the 1990s that the different measures tended towards an increase in personal contributions. They included the raising of tuition fees, the reduction in the proportion of support awarded as basic grants (a measure offset by increasing the amounts of loans and supplementary

grants), an increase in interest rates, and the conversion of a share of basic grants into a transport ticket to replace additional reimbursement of expenditure on transport.

It was the 1990 reform that, in the United Kingdom, altered the relation between the responsibility of the State and personal contributions. Its purpose was to reduce student dependence on state support, and to increase the contribution of students to the cost of education. According to the government, graduates obtained greater individual benefit from public investment in higher education than did the community as a whole, so it was logical that they should contribute more to expenditure on it.

Family responsibility or the financial independence of students

In the Netherlands, the major reform of 1986 was the result of the shift from the principle of **family responsibility** to that of **student financial independence**. Public debate on the latter in the 1970s led to reform proposals. In the 1970s, young people became more emancipated and called for greater autonomy. Assistance to families had only a moderate impact on the direct needs of students who complained openly about the support system. New proposals for a grant available to all and the abolition of family support failed to materialise. In the 1980s, a proposal based on the idea of student financial independence was again put before the government, pending introduction of the structural reform of higher education in 1983. At last, in 1986, the law on financial support embodied these proposals by abolishing family assistance and providing for a grant to all students. In this context, the balance between the **compensatory** and **egalitarian principles** was also altered. Until the law, the former principle had prevailed, whereas the introduction of a grant for all gave concrete expression to the latter. However, the compensatory principle was not completely abandoned, as supplementary parental means-tested grants were established. From 1986 onwards, the system was regularly amended, with these supplementary grants constantly revalued, thus reinforcing the compensatory principle. But loans linked initially to parental income were now awarded independently of it to reflect, instead, the egalitarian principle.

In the United Kingdom, the transition from the principle of **family responsibility** to that of the **financial independence of students** also underpinned the major reform of 1990. The aim of this initiative was to make students less dependent on their families. The various measures introduced in subsequent years were also to alter the balance between the **compensatory principle** and the **egalitarian principle**. The introduction of loans for all, and the gradual replacement of parental means-tested student grants by loans, helped to strengthen the egalitarian principle. However, the compensatory principle was not completely abandoned. For although the part-payment of tuition fees by students has been introduced since 1998, the amount they pay is calculated on the basis of family income.

Student commitment to sound academic performance

Students in the United Kingdom have always had a very strong **obligation to make satisfactory academic progress**, and in this respect nothing has changed. By contrast, the Netherlands implemented a series of measures which have constantly intensified this obligation. Back in 1981, in the proposed amendments leading to the 1986 reform, the academic council recommended that student financial independence and attainment criteria should be linked. The 1986 law simply limited the period of support to six years. In 1992, this period was reduced to five years for the grant share. In 1993, the award of grants became dependent on satisfactory student progress and, if this was not achieved, the grants were converted into interest-bearing loans. It has to be said that some students used their grants for purposes other than study. In 1995, the attainment criteria became stricter still. And in 1996, a further measure introduced conditional loans that were converted into grants if these criteria were satisfied, while support in the form of grants was limited to the notional length of courses which, in most cases, was four years.

B.4.3. Factors underlying change

Economic crises and budgetary restrictions

Economic recessions had a considerable influence on developments in the Netherlands before 1986, because the reform of that year first mooted in the 1970s was constantly postponed as a result of the former. The reform was adopted against the background of efforts to stabilise the economy, without however affecting the overall budget for support. All subsequent measures were motivated wholly or partly by the perceived need for budgetary restrictions. The latter were due to the unexpected administrative costs of the system established by the reform and, contrary to the forecasts, a growth in the student population.

The 1990 reform in the United Kingdom belonged to a general context of economic recession and determination to reduce the share of the national income devoted to public expenditure. Yet the reform did not seek to make savings in the support system, and the overall amounts earmarked rose constantly from 1991. The aim was, rather, to offer more support to more students in a period of budgetary austerity.

Growth of the student population

The growth of the student population had a determining influence in the development of both systems. In the Netherlands, when the 1986 law was implemented, the government expected a drop in enrolment on the basis of the demographic projections. Yet in subsequent years, on the contrary, student numbers climbed. As a result, the financial support budget was completely destabilised, which in turn gave rise to all the restrictive measures that followed the 1986 reform. This unexpected growth in the student population was partly attributable to the emancipation of women who entered higher education in ever greater numbers, as well as to a change in training curricula which shortened the normal length of courses following the structural reforms in education and, no doubt also, to the reform of financial support itself which became very attractive. In recent years, however, this growth in enrolment in the Netherlands has tended to level out.

In the United Kingdom, increased enrolments have always been a deliberate aim. In the late 1980s and early 1990s, the government exerted financial pressure on higher education institutions so that they increased the number of places available. This desire to boost the student population corresponded to the determination of the government to improve the international competitiveness of the United Kingdom in this respect. It realised, indeed, that the quality and quantity of its educational provision was lagging behind those of other nations, with an adverse effect on its economic performance. This also explained why arrangements for financial assistance essentially comprising grants could not serve to accommodate a major increase in the number of recipients of support in a period of budgetary austerity.

Political movements

The 1990s corresponded to a change in policy in the Netherlands when personal responsibility and privatisation replaced the concepts of solidarity and the Welfare State. In the United Kingdom, the credo of the 1979-97 Conservative government was to increase the quality of public services, in general through pressure from consumers. At the level of higher education, this meant enhancing the position of students as clients/consumers at institutions which, for their part, had to make themselves as attractive and effective as possible in welcoming them. The Labour government that came to power in 1997 did not change matters in this respect. It continued to promote the financial responsibility and independence of students, as well as the personal contribution to education, through the part-payment by some students of tuition fees from 1998/99.

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Student emancipation

In both countries, changes in student behaviour unquestionably played a part in the development of their financial support systems. In the Netherlands, the emancipation of young people was behind calls for greater student autonomy. Student organisations were to the forefront in the political debate and brought pressure to bear on the government.

In the United Kingdom, the behaviour of young people also changed, and it was primarily increases in the budgets required for their subsistence that prompted change. These increases, together with grant amounts that were not adapted to the cost of living, led to a big increase in parental contributions. The intention behind the 1990 reform was to address this problem by substantially raising the student contribution.

Malfunctioning of support systems

In the Netherlands, students persistently sought to maximise their entitlement to support, in particular by invoking exceptional circumstances to prolong their entitlement, by using support for purposes unrelated to study, and by using also their preferential transport entitlement for journeys unrelated to their study activity. This student conduct also had a part to play in the gradual cutting back of support, in the introduction of requirements related to student academic progress, and in the greater emphasis attached to individual responsibility through the personal payment of loan interest.

Reorganisation of courses

Changes in the organisation of courses affected the development of the Netherlands support system on two occasions. The 1983 sub-division of the curriculum into two separate stages, with the possibility of obtaining a qualification after four years, encouraged a new group of young people to undertake higher education, at the same time as the government expected a fall in student enrolment. Later, at the start of the 1990s, the financing of institutions on the basis of their track record, which required that they should review their study programmes so as to encourage successful student academic performance, enabled the introduction of grants dependent on student attainment.

Attractive courses (unemployment, graduate salaries)

In the United Kingdom, higher education was perceived as worthwhile in so far as graduates secured higher earnings in the labour market. This realisation partly lay behind the 1990 reform. The gradual decrease in grant amounts throughout the 1980s did not prevent the growth of the student population. The government took this as an indication that students fully appreciated the gain that higher education represented to them, and were thus willing to make an increased personal investment in it.

C. CONCLUSIONS

All the analyses carried out in this chapter have attempted to relate changes in the various systems of financial support during the last 30 years to factors that have contributed to them. They demonstrate that the trends that have emerged have depended on the system as a whole – its components, its principles and its aims. In other words, the components of a system of support are above all derived from the basic principles characterising a country's social policy. Its entire development is very closely conditioned by it. Unsettling influences arising in the political and socio-economic context naturally constitute potential forces for change but the scale of their impact is determined by the entire system.

More specifically, significant changes in a system of support – such as the disappearance or emergence of a particular component – will not occur without a major change also in the thrust of its underlying principles. As a result, unless there is a radical shift in several basic principles of the kind that occurred in the Netherlands and the United Kingdom, changes have generally been circumscribed

by the existing components. Consequently, the basic principles and components of the system of support as first established have a restrictive effect that limits the margin for manoeuvre on the part of politicians. It is within this restrictive framework that factors potentially instrumental in change will or will not exert an influence, whether they are structural or the result of particular events, external to the system or intrinsically determined by it.

Figure II.2.7 summarises the detailed country-by-country analysis of the present chapter. It seeks to combine the main factors perceived to be causes of change and the basic principles that have altered in the course of the period under consideration.

In order to simplify study of Figure II.2.7 and provide an overview of the different situations, only factors that have played a major part in the development of systems have been included. Minor influences within countries are not shown.

Of all the basic principles, equal access is the only one to be maintained in all countries throughout the entire period covered by the study. Everywhere, it has reflected the determination to abolish all barriers to access to higher education, other than intellectual ability. Depending on the countries or period in question, it may be applied to a greater or lesser extent, not always measurable. Several countries, in which the principle is expressed in terms of securing greater social mobility with more socially balanced student enrolment in higher education, have conducted national evaluations. As will be discussed further in section D of Part II, chapter 3 devoted to recent debate on the issue of student support, they show how difficult it is to achieve this aim, given the extent to which social background is such a conspicuous feature of enrolment.

By contrast, the obligation on students to demonstrate satisfactory academic performance has in some countries become stronger. The factors responsible for this have varied from one country to the next. It has been a matter of reducing the length of courses in countries in which students have often taken longer than normal to complete them, in particular because they have undertaken paid work. In Italy and Austria, the economic crisis and the need to reduce public expenditure have at least partly justified this kind of measure.

It is also clear from the analysis that the principle of financial independence, as opposed to the responsibility of families for their dependent children, is a central issue both in the establishment and the subsequent stability of a support system. It is the sole determinant of both the number of components of support and the group targeted by it. In practice, the principle of family responsibility is reflected, first, in the means testing of family income in the award of support and, generally speaking, in the existence of assistance to families themselves. Abolition of one or both components is indicative of recognition that, to some extent at least, young people are financially independent. Conversely, both components coexist where the principle of family responsibility is firmly entrenched. Where, on the other hand, the financial independence of young people is fully acknowledged, both are abolished.

However a country stands in relation to this principle, all support systems contain an element of public financial assistance which, in principle, is available to all. Where families are expected to provide for their student children, this is reflected in support to the former that is not means tested. Only grant and/or loans support is to be regarded as an expression of the compensatory principle. By contrast, in systems in which financial independence is clear cut, with no assistance to families, and the abolition of parental means testing for the award of grants and/or loans, the universal dimension of support is evident in the availability of grants and/or loans for virtually all students. However, this aspect is limited when the principle of financial independence of young people is subject to qualification and when some or all support to students is means tested. Thus, adopting this principle, rather than that of family responsibility, is a major change of emphasis with an unquestionable impact on both the way in which the support system is structured and the particular group targeted.

The principle of family responsibility for dependent children in higher education has remained fairly stable in the majority of countries in which it was present at the start of the period under consideration.

Although the emancipation of young people is an issue with an increasingly high profile in public debate in these countries, it has not hitherto had the effect of altering this principle.

During the period analysed, the move towards student financial independence, in which total abolition of assistance to families has been replaced by grants and/or loans that are not parental means tested, has only occurred in the Netherlands and the United Kingdom. In the former, this shift was the outcome of a long period of public debate. The most prominent factor underlying this major change was the emancipation of young people, for which there had long been considerable pressure but which was prevented by the need to limit public expenditure. Furthermore, the aim of this reform was to move closer to an egalitarian approach, while retaining a considerable element of state responsibility. Subsequent measures were regularly introduced to lessen the impact of unforeseen developments (growth of the student population and the cost of administering support) which disrupted the operation of the system. In the Netherlands, therefore, the egalitarian principle grew steadily weaker, along with state responsibility, while the compensatory principle grew correspondingly stronger.

The 1990 reform in the United Kingdom, which introduced loans and ultimately led to the phasing out of any parental contribution to student maintenance, was motivated by the political will to increase enrolment and, thus, the number of beneficiaries of support. The grants system could go no further because it had overburdened the parental contribution. It was therefore replaced by loans that had the twofold advantage of freeing parents from their financial responsibility for student children, and enabling the State to distribute support to a greater number of students. The more recent introduction of the part-payment of tuition fees by students, rather than the State, follows the same logic. It should be emphasised that in both these countries, the financial independence of young people was not total, because part of the support awarded was parental means tested – the supplementary grant in the Netherlands and tuition fees in the United Kingdom. Retaining this condition for the award of some of its support enabled the Netherlands to strengthen respect for the compensatory principle at a time when the amounts of the basic grant for all students fell and tuition fees were increased.

In Ireland, family assistance in the form of tax allowances was abolished. This decision was the result not of a change in the student independence principle, but of parents making use of the assistance to such an extent that the amounts involved increased tenfold. The decision to abolish this form of support was taken mainly with a view to creating a fairer system, since it was indeed well-off families who gained the most from such tax relief. It was paralleled by the decision regarding free access to undergraduate courses for all students who did not repeat a year.

In the Nordic countries, the principle of financial independence – present to some extent at the outset depending on their individual circumstances – was strengthened by total abolition of dependence on parental income in the award of support. In the process, the countries moved closer to the egalitarian principle. The main reasons for this are to be found mainly in attempts to reduce either the debt burden among young people, or the very widespread reliance on paid work, depending on the country concerned. Both problems lay behind the political will to offer support to all, and this led to total financial independence for its recipients.

Concern for the principle of personal contributions grew stronger at some stage in the majority of countries. Depending on the system concerned, this was essentially clear from two key measures, namely an increase in tuition fees and/or an increase in loan interest paid by students. However, smaller amounts of support and numbers of recipients should also be seen as a way of raising the personal contribution. Generally this trend is triggered off by difficult economic circumstances and/or problems of public debt. In four countries (Belgium, Germany, the Netherlands and Iceland), the massive growth in student enrolment was also determinant in raising the personal contribution. In Germany, graduate unemployment has represented an additional factor underlying an increase in this contribution and, in particular, the fall in the amounts of support.

FIGURE II.2.7: IMPACT OF FACTORS ON THE BASIC PRINCIPLES OF SUPPORT SYSTEMS

FACTORS	BASIC PRINCIPLES									
	EQUAL ACCESS	OBLIGATION TO MAKE SATISFACTORY PROGRESS	FINANCIAL INDEPENDENCE OF STUDENTS WITH		EGALITARIAN PRINCIPLE	COMPENSATORY PRINCIPLE TARGETING THE POOREST	INCREASE IN STATE RESPONSIBILITY	INCREASE IN THE SHARE FROM PERSONAL CONTRIBUTIONS VIA		
			ABOLITION OF ASSISTANCE TO FAMILIES	ABOLITION OF DEPENDENCE ON PARENTAL INCOME				TUITION FEES	LOANS	DECREASED AMOUNTS OF SUPPORT
ECONOMIC CRISIS AND/OR PUBLIC DEBT		I, A				B, I, NL, UK	FIN	B, I, NL, UK	NL, S, NO	B, EL, NL, A
GROWTH IN THE STUDENT POPULATION		IS				NL	IRL	B, D (some *Länder*), NL, UK	IS	D
DESIRE TO INCREASE STUDENT ENROLMENT			UK			I, P	L, FIN	I, P, UK	UK	
STUDENT EMANCIPATION			NL, UK	FIN, NO	NL		F		UK	
PAID WORK AMONG STUDENTS, AND THEIR PERIOD OF STUDY		DK, I, NL, A, FIN, S, NO, LI		DK, FIN	DK, FIN		DK, FIN		NL	
STUDENT DEBT				S, NO	S, NO		S, NO			
STUDY NOT AN ATTRACTIVE PROPOSITION							DK, FIN			
GRADUATE UNEMPLOYMENT						D				D
IRREGULARITIES AND BUDGETARY IMBALANCE			IRL				F			

Source: Eurydice

In the Nordic countries (except Iceland), an initial move towards a bigger personal contribution was steadily offset by the State assuming greater responsibility to counter the problems of debt and students taking longer than normal to complete their courses. In these countries, and especially Denmark and Finland, the desire to boost enrolment in higher education – at a time when socio-economic circumstances made study a less attractive proposition – led to an increase in the state commitment, in order to encourage young people to further their education with the help of relatively big grants.

It is also interesting to note that economic recessions have not disrupted the principle of free access to higher education in countries in which it has long existed. From this angle, the principle of state responsibility is very strong except in some *Länder* in Germany. By contrast, in countries that drew the personal contribution from tuition fees, economic problems led to their being increased. The phenomenon has been particularly marked in Italy and in Portugal. Increasing the share from personal contributions has been achieved by linking the amounts of fees to family income in Italy, and raising the amounts of grants to cover these fees in Portugal. In both countries, the introduction of tuition fees has reflected the desire to increase the supply of student places in a period of budgetary austerity. In Italy, this aim has been associated with the desire, also, to boost student social mobility. If certain classes of society are not to be prevented from studying, those who are poorest should be helped more, while those who have sufficient means should contribute more. Reducing support in the form of services for all, in order to offer greater assistance to students who have least money is part of the same logic. The compensatory principle is even more marked in Italy, since support incorporated in family allowances has been abolished for dependent students over 18, while the amounts of tax allowances on tuition fees have been progressively lowered. In other words, the egalitarian principle embodied in virtually free higher education and services for all has increasingly lost ground to the compensatory principle.

To sum up, Figure II.2.7 shows how a single factor may affect different principles and, conversely, a single principle may be influenced by various factors. Furthermore, the principles themselves may influence each other. It is clear that we are indeed confronted here with 'systems' of financial support in which all elements are closely interrelated. Faced with common problems, political authorities have been obliged to react differently by taking into account all variables comprising their own particular system. A reform focused on a single element in a given system can only be understood by considering the system as a whole.

The same applies to present recurrent debate in the various national contexts, which varies in accordance with the realities at issue. Considered individually, the views expressed may appear contradictory or, on the contrary, seem similar. As the following chapter will make clear, analysis of the issues today facing politicians, not to mention comparison of the proposals for reform that emerge from political debate, cannot afford to ignore the interaction that occurs between the components of systems. For if it does, there is every likelihood that perception of any reform in a given country will be incomplete, and that failure to grasp the system and reforms of that country may lead to fruitless efforts to improve the effectiveness of financial support to students.

CHAPTER 3

RECENT DEBATE AND CURRENT PROSPECTS

The aim of this chapter is to offer a broad overview of issues related to student financial support, which have been the subject of debate over the last ten years. The decision to focus the analysis mainly on the 1990s reflects a wish to address the most topical concerns, even though ongoing debate in some countries may already have occurred in others. The questions selected for discussion deal, first of all, with the part played by tuition fees in financing higher education, along with the role of grants and/or loans in arrangements for student financial support. As will be clear, these discussions consider mainly the question of personal contributions[1]. The balance between support to students and assistance to families is also at the heart of political debate. In this context, the principle of the dependence of students on their families is often at issue.

Finally, a central prominent feature of evaluation in the various national contexts with a view to assessing the results of policies for financial support, is the question of their effectiveness in reducing inequalities in access to higher education.

A. TUITION FEES

Tuition fees are not a feature common to all European higher education systems (see Part I, chapter 1). In the Nordic countries, most of the *Länder* in Germany, Greece, Luxembourg and Austria, higher education is free. In the remaining countries, tuition fees have always contributed to the financing of higher education. Nevertheless, they have never been the main contribution to this expenditure. In the majority of the countries concerned, the percentage of the real cost covered by tuition fees has remained very low for several decades.

Overall, the current situation is identical to the one conceived during establishment of the major structures for funding higher education and/or contemporary systems of student financial support. During this period, tuition fees were seen as a barrier to democratisation, given the need to step up the involvement of young people in higher education. Certain countries decided to offer free education to all those with the intellectual ability to study. And although in others, fees were maintained, their purpose was usually to cover not the real cost of education but simply ancillary expenditure related to the award of qualifications, registration, insurance and so forth.

In the last decade, debate on tuition fees has occurred with increasing frequency in the countries of the European Union and the EFTA/EEA. It has accompanied reforms of the system of financial support and/or funding of higher education. At this stage, however, very few countries have altered their approach regarding tuition fees.

[1] Increases in the personal contribution of those who embark on higher education are also at the centre of proposals regarding the introduction of a specific tax for graduates. Although familiar to experts in the economics of education, this question does not appear to be under discussion in the ongoing politics of European Union and EFTA/EEA countries. Nevertheless, the main outlines may be summarised here. The benefit to the State of tuition fees or a graduate tax is the provision of immediate revenue. State loans presuppose that sums at least as large as those awarded in grants should be advanced by the State to be repaid much later. However, an exclusively graduate tax means that former students pay for the places to be occupied by newly enrolled students, which is likely to be less readily accepted than paying directly for something received personally in return. Furthermore, it is hard to gauge the extent to which a graduate tax is distinct from an increase in general taxation, in so far as graduates are also those who are most likely to earn high salaries and pay higher taxes. In this respect, their contribution is more akin to a collective contribution than a personal one.

A.1. ARGUMENTS PUT FORWARD IN DEBATE

Considerable controversy surrounds reform proposals that would alter arrangements as they are. Generally speaking, the arguments are the same as those which led, at the outset, either to the abolition of tuition fees or their retention at negligible levels. They are based on the aim of ensuring free access to higher education and abolishing any kinds of financial barrier to equal access. Today, those in favour of tuition fees say that, as long as they are put to good use, they may be more effective in fighting inequality than if they are scrapped or kept at insignificant levels.

More specifically, four main kinds of argument have emerged regarding the question of tuition fees.

From the financial standpoint, supporters of tuition fees claim that they are crucial to the financing of higher education at a time of 'massification' of education and reduced public expenditure. In other words, involvement of students or their families in the financing of education is seen as the only way of ensuring its provision on an adequate scale not solely dependent on public funding. Among other arguments in favour of tuition fees are that higher education is not just a collective investment but also a private one, and that individuals gain more from their own investment than society. Supporters of tuition fees consider that, in so far as higher education is not compulsory, involvement in it derives from a personal decision for which the individual should pay.

Those in favour of free higher education disagree. They emphasise, on the contrary, that higher education has to be considered a priority for national public expenditure because of the skilled human resources it offers society. This results in numerous advantages for all professional and other social sectors, and thus justifies pooling all the costs entailed. Institutions should receive greater public funding, and the introduction of tuition fees is inconsistent with the fact that investment in higher education is, above all, a social investment.

From the political angle, in line with the principles of privatisation and individual responsibility, the introduction of high tuition fees makes consumers of students or their families, in a market situation. In other words, in this political and financial context, higher education institutions relying on tuition fees, enter into competition with each other, and attempt to offer students quality services. Finally, in so far as the investment is of greater benefit to the individual, free higher education means that all taxpayers are helping to fund a service from which only some of them directly benefit, which is judged inappropriate.

Those who argue for free higher education emphasise that the results obtained from charging tuition fees, such as better quality education where institutions are in competition, may be achieved by other means (for example, a voucher system). They also claim that consumer power granted to students, and the competition between higher education institutions which results from it, may be undesirable in so far as they undermine cooperation and the exchange of ideas. Furthermore, bearing in mind that the community as a whole benefits from investment in higher education, they regard it as only right that all taxpayers should contribute to this investment in accordance with their means.

From the social point of view, supporters of tuition fees claim that systems in which higher education is free may be regarded as unfair, since they run counter to the logic of a policy of redistribution. This argument is based on the fact that the most disadvantaged social categories contribute substantially to investment in the cost of education, whose benefits are reserved primarily for students from privileged social groups. But those in favour of free higher education support the claim that fees act as a barrier or a filter to involvement of students from disadvantaged groups but not others. To which their opponents reply that the introduction of fees usually goes hand in hand with public support safeguards, such as exemption from payment, reduced fees or grants, to ensure that students with very little money are not trapped by fees.

From an educational standpoint, supporters of tuition fees highlight two kinds of advantage. First, fees ensure that the decision to enter higher education is taken seriously, since they are a new element with which students have to contend in a way not applicable to earlier stages of their education. Secondly, they maximise the likelihood of successful academic performance, as the individual investment motivates students to achieve better results each year. The introduction of fees, especially when they are linked to academic success or failure, should normally tend to reduce considerably the number of years needed to get a degree. On the whole, therefore, only those who really have faith in their intellectual ability will opt for higher education if fees are a major element in the decision.

In reply, opponents of fees emphasise the extent to which academic attainment is at least partly dependent on socio-economic background and the living conditions of students. Those from poor backgrounds probably need more time to get a degree and are generally more vulnerable to failure than others. If fees are linked to academic attainment or progress in study, students from such backgrounds are at a disadvantage.

FIGURE II.3.1: TABLE SUMMARISING THE DEBATE ON TUITION FEES

	ARGUMENTS FOR TUITION FEES	ARGUMENTS FOR FREE HIGHER EDUCATION
FINANCIAL MOTIVES	Tuition fees are an essential element in financing higher education at a time of 'massification' of education and reduced public expenditure	
PUBLIC OR PRIVATE INVESTMENT	Higher education is a personal as well as a collective investment in which individuals benefit more than society. If higher education is free, all taxpayers have to pay for provision from which only some benefit directly	Introduction of fees overlooks the fact that investment in higher education is above all a social investment Higher education is a national priority
MEANS OF EXERTING PRESSURE ON INSTITUTIONS	Students or their families become consumers in a market situation Higher education institutions that depend on tuition fees enter into competition with each other, and strive to offer students quality service	Results such as better quality education, or competitive institutions, may well be achieved by other means
FAIRNESS OF THE SYSTEM	Taxpayers in the poorest social groups contribute to investment whose main gains are personal, yet the proportion of students from disadvantaged groups is small	Fees act as a barrier, or filter, obstructing only students from poor social groups and not others
STUDENT MOTIVATION TO DO WELL	Tuition fees maximise the likelihood of attainment because the individual investment motivates students to achieve better results each year	Student motivation can be secured by other means
SELECTION OF THE ABLEST STUDENTS	Only those who are really confident of their intellectual ability will opt for higher education if tuition fees are a major element in the decision	If fees are associated with academic attainment, students from poor social backgrounds are at a disadvantage

Source: Eurydice

However sound, the arguments put forward for introducing or increasing tuition fees are still contrary to those that prevailed when most contemporary systems were established. Debate also reveals that tuition fees have never been considered a simple contribution to the financing of higher education. Indeed, it has to be remembered that, in most European countries, public policies regarding tuition fees have been developed in association with student financial support intended to boost enrolment. If fees are introduced or their amounts increased, the other aspects of the financial support system have to be re-examined as a result.

A.2. Discussion

The arguments put forward in favour of tuition fees or, on the contrary, free higher education show that, in the course of debate, central issues get lost in various marginal considerations. The central issues are those to which the question of tuition fees inevitably gives rise, namely the scale of personal contributions in financing higher education, and the relation between tuition fees and equal access. The marginal issues are the supposed benefits of fees, which may be secured by other means, including more effective education as a result of competition between institutions, student motivation to do well and selection. These arguments are only relevant to debate when the two central issues have been satisfactorily resolved.

A.2.1. The scale of personal contributions to higher education

This question stems from the budgetary concerns of governments. Faced with the 'massification' of higher education, and limits to public expenditure, it is a legitimate one.

It may be discussed in terms of the relation between investment and gain for either the individual or society[1]. Generally speaking, there is collective benefit. One only has to consider the political determination in nearly all countries to raise or maintain participation rates in higher education, to see that this is so. The importance of ensuring that as many young people as possible obtain higher education qualifications in modern society now goes without saying. The personal gain is doubtless more variable. It varies in accordance with national circumstances, in depending on factors such as unemployment which may, or may not, affect greater numbers of unqualified young people, or incomes which may or may not be substantially higher for graduates. In some countries, there is a tendency to conclude that the individual gain is greater than the benefit to society. As the truth of this assertion is difficult to assess one way or the other, the force of reason in justifying tuition fees is a very relative one. Neither is it by any means certain that the personal benefit nowadays is greater than in the period when free higher education seemed taken for granted.

The justification of tuition fees based on the relation between individual and collective gain appears highly theoretical. What counts most for governments is to establish, first, how far the population as a whole is prepared to invest in order to study in higher education. Some would claim that the level of collective investment accepted by the general public depends on the number of students. As long as they form a minority, the population may regard them as an essential élite of benefit to the nation as a whole. However, once the student population grows significantly (and, above all, becomes a majority among the general population), taxpayers who are not graduates start to question the fairness of the system of public funding. Their doubts about it will grow, the more the individual benefit is substantial in terms of salaries and employment. From that point on, the option of ensuring that the beneficiaries of higher education pay for their privilege may be increasingly hard to dismiss. As to the level of individual investment, it will undoubtedly depend on the personal benefit gained from a higher education qualification in terms of upward social mobility, as well as salary and ease of employment.

Next, politicians have to consider the extent to which tuition fees may undermine one of the basic principles of European society, namely equal access to higher education. The impact on equal access of an increase in the personal contribution is a major question which now requires more detailed consideration.

[1] It should be noted that this question concerns not only tuition fees, but also student living costs: the more it is considered that students are the only ones to gain from their activity, the more they will be expected to assume the entire cost of it.

A.2.2. Relation between tuition fees and equal access

In general, it is considered that tuition fees constitute a barrier to the enrolment of some young people.

This barrier is, first of all, **financial**, affecting young people whose families are relatively poor. Arrangements for support which take account of this should help it to be dismantled. From this angle, adoption of a system in which fees are proportional to family income would seem to many to be fairer. Indeed, in systems in which the poorest are exempt from fees, it is likely that families from social groups of average means, whose income band is slightly too high to benefit from exemption, may experience difficulty in paying the amounts charged. If so, the problem is just transferred to another sector of the population.

It should be recalled that any mechanism for assistance in paying tuition fees (where they are charged) is based on the criterion of family income, and may thus run into the difficulty of correctly defining the social group that needs support. In such cases, the criteria for determining the award of such assistance are often those used in the award of grants, and they may thus pose the same kinds of problem. On the one hand, tax declarations relate in most cases to financial circumstances of one or two years earlier, which may have changed and, on the other, tax fraud may conceal resources, and lead to support for those who don't need it. Raising tuition fees aggravates both kinds of irregularity, which are already at work in most grants systems based on means testing. Curiously enough, this criticism often heard with regard to grants (see section B) is not much used by those who oppose tuition fees.

Be that as it may, caution is required in justifying tuition fees on the grounds that there are mechanisms for redistributing the money raised by them into support for the least well-off students. For, while the amounts saved in fees may indeed serve to assist students financially, possible irregularities arising from the use of tax declarations should be borne in mind.

The barrier may also be of a **psychological** nature. The extent to which 'social reproduction', or the self-perpetuation of social strata, is at work in higher education enrolment has been demonstrated. If parents are themselves graduates, it is more likely that their children will enter higher education. In 'graduate' families, this is considered normal. Only financial difficulties may prevent it. In families where the parents are not graduates, enrolment in higher education is a novelty, or even a 'cultural revolution'. If access is free, studying becomes a universal right, and may thus occur more easily, irrespective of social background. By contrast, the obligation to pay a significant amount, or to take steps to obtain support, may meet with family resistance.

In the 1960s, the abolition of fees, or their retention at an insignificant level, was widely regarded in Europe as a basic feature of equality of opportunity in higher education. Young people from all social classes had to be shown that they could undertake higher education, which was not the preserve of a 'social élite'. Indeed, this kind of measure gave rise to marked increases in student enrolment in many European countries[2]. Today, in countries in which participation rates have risen extensively, it is taken for granted that access to higher education is no longer socially restrictive. This explains, perhaps, why some governments have been in a better position to increase fees paid by students with, naturally, mechanisms for means-tested payments. In so far as there is current awareness across all social classes that higher education is not the privilege of a minority, it is likely that tuition fees will no longer be a psychological barrier to the democratisation of higher education. It is clear that assessing this barrier is a delicate matter. Only the development in the next few years of systems that have substantially raised tuition fees will reveal if the measure is having an impact on participation rates.

[2] The same reasoning has recently led to the abolition of tuition fees for most students in Ireland, with the aim of removing financial and psychological barriers to entry into higher education.

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and the social balance of enrolment. Naturally, it is also possible to free students from dependence on their families by offering them loans to pay their tuition fees. But the psychological barrier clearly remains, since it is merely shifted from families to students themselves. Students have to decide individually whether they can make this investment, well aware that their families may not agree with them borrowing money. Furthermore, settling the issue of support for the payment of fees through the introduction of loans means reconsidering the characteristics of this kind of financial support and the difficulties to which it may give rise (discussed in section B of this chapter).

Finally, when the amounts of tuition fees and the corresponding public support are linked to study attainment, other obstacles appear. When students decide to embark on courses, they have also to consider their capacity to do well academically, which may dissuade those who, for no objective reason, have a tendency towards self-depreciation or who fear they lack ability, irrespective of their real merit. Furthermore, even if the motivation to succeed may be stimulated by this option, the question arises as to whether it is fair to support only those who perform well, while those who need more time to achieve similar results have to pay.

B. GRANTS OR LOANS – GRANTS AND LOANS

The systems of cash support to students are varied and based on different mechanisms for achieving their goal. However, as described in Part I, chapter 2, all financial support systems include either grants or loans, or a combination of both.

In countries whose systems were initially based on grants, loans are under discussion, and regularly presented in debate as capable of improving systems. Recent years have witnessed a growing tendency to introduce loans. Proposed arrangements include loans just for disadvantaged students unable to get a grant, or loans for all. Aims are also different. Among them are an increase in the number of recipients without increasing public expenditure, encouraging student financial independence, or encouraging would-be students to think more seriously about whether and what they want to study, while motivating them to complete courses as fast as possible to minimise their repayment obligations. Out of all these countries (Belgium, Greece, Spain, France, Ireland, Italy, Austria, Portugal and the United Kingdom), only the United Kingdom has really altered its system. In the other countries, the debate is getting bogged down and, where loans have been offered, they have never replaced grants or become an important feature of the system.

In countries where support systems entail combined grants and loans, or just loans, debate has focused on two questions: first, the extent of the state subsidy and, secondly, the implications of loans both for students (repayment) and the State (loan interest subsidies and administrative costs). The outcome has been that these countries have gradually altered the proportions of support awarded in grants and loans, as well as the share of interest payments subsidised by the State (see Part II, Chapters 1 and 2). Finally, in all countries where loans are a substantial part of the system, they are re-examined when the level of repayments becomes such that students cannot honour them.

All relevant arguments have been deeply affected by the system in which they occur, or which they seek to criticise, and it is sometimes very hard to dissociate them. The following is an attempt to summarise the main arguments for and against grants and loans.

B.1. ARGUMENTS AT ISSUE IN DEBATE

Arguments heard in debate in which supporters of grants disagree with those who advocate loans generally hinge on the same issues. They focus either on the positive or negative impact of grants or loans with respect to other parts of the system or, alternatively, on questions of principle, sometimes identical to those posed by tuition fees, such as the relation between collective investment and individual benefit.

From the financial angle, loans, at least in theory, should represent public expenditure that is recouped by the State in the long term via student repayments. Even where interest on loans is state-supported, this expenditure is still less than in the case of grants. Thus, overall, the amount available for student support is greater. According to some, loans are also the best support mechanism, combining a certain level of individual financial contribution to higher education, with the possibility of public subsidy. The level of subsidy may vary, depending on national circumstances or students' own financial means.

Supporters of grants claim that, in practice, the administrative costs of loans, including costs that arise from defaulting on repayment, may in the long term enormously reduce the savings they were meant to achieve.

From a political standpoint, supporters of grants consider that they are a sign of national involvement in higher education, a collective investment in skills. Accordingly, a country expects a gain from this.

Their opponents, in favour of loans, emphasise that higher education is both an individual and collective investment, a share of which should thus be borne by students. In their view, it is wrong that society as a whole should pay for a service which, while it is of indirect benefit to all, primarily serves the interests of a minority.

From the social angle, means-tested grants are, in the view of some, the only mechanism that can help students from underprivileged socio-economic backgrounds to enter higher education. By contrast, with loans systems, fear of debt may lead young people from modest backgrounds to reject entry. Grants are a form of positive discrimination for the latter, adequately offsetting their socio-economic disadvantage. Proponents of grants also say that loans are pointless if the main aim is to promote equal access, since they are not devised to offset social inequalities.

Those who dispute this say that mechanisms for evaluating resources (mainly parents' tax declarations) are no guarantee that this will occur in practice, and that support will not necessarily reach the students who really need it.

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From the educational point of view, advocates of grants believe that they can be used to attract prospective students who, without them, would try to enter the labour market directly. They may therefore be especially useful in countries seeking to develop a highly skilled workforce. One objection is that they may also attract students whose academic performance is very weak.

As regards student responsibility, supporters of loans consider the latter are more effective than grants, since the State can still reward students for doing well by increasing its contribution to loan interest payments or even cancelling student debt altogether. The same measures can also be used to achieve other aims, such as promoting certain particular courses. Advocates of grants say that, under these circumstances, loans no longer fulfil the initial purpose of support, which was to subsidise access to higher education, satisfying other aims instead, such as reward for academic merit.

With loans, students are encouraged to think more carefully when they enrol, and complete their courses in a reasonable period, whereas grant-holders may use their support for purposes other than study. Given their flexibility, loans are also more economic, as individual students can apply for the amounts they really need. The counter-argument of those in favour of grants is that their award can include formal provision for repayment if students fail academically or use the money inappropriately.

FIGURE II.3.2: TABLE SUMMARISING THE DEBATE ON GRANTS AND LOANS

	ARGUMENTS FOR GRANTS	ARGUMENTS FOR LOANS
POSITIVE DISCRIMINATION AND THE FIGHT AGAINST INEQUALITY	Grants satisfactorily compensate for socio-economic disadvantages, whereas loans do not help to achieve equal access, since they are not conceived to make up for inequality. The prospect of incurring debt can deter students of modest means.	Conditions for the award of grants pose problems. It is not certain that support will reach those who really need it.
PUBLIC/PERSONAL INVESTMENT	Grants are a political sign of national commitment to higher education.	Loans are the political expression of the view that higher education is primarily a personal investment. They combine a certain level of individual responsibility in higher education, with the possibility of public subsidy. In the case of grants, all taxpayers contribute to the cost of a service from which only some benefit directly.
A MEANS OF ATTRACTING STUDENTS INTO HIGHER EDUCATION	Grants attract students who would otherwise try to gain immediate entry to the labour market.	
A MEANS OF ATTRACTING STUDENTS INTO CERTAIN COURSES		Loans are more strategically useful than grants, because subsidising or cancelling their repayment can be used to attract students into particular courses.
COVERAGE, COSTS	Loans administration may be very costly. The initial capital outlay is very high, while defaulting is unpredictable and may entail considerable losses.	Loans reduce public expenditure compared to grants, while enabling greater numbers of students to be supported. Graduate incomes are normally high enough to enable them to repay loans.
STUDENT RESPONSIBILITY	Unsatisfactory academic performance may be penalised by formal provision for grants repayment.	Students are encouraged to think more carefully about their decision to enrol for courses, and complete them in a reasonable period. Academic attainment may be rewarded with formal provision for repayment to be cancelled. With grants, students may confuse support for study purposes with social assistance.

Source: Eurydice

B.2. Discussion

All countries which primarily award grants have witnessed debate on the possible introduction of loans. However, the aims and arrangements under consideration vary. In the Flemish Community of Belgium and Spain, the aim has been to offer loans to students not entitled to grants. In the Flemish Community of Belgium, a study on loans has led the government to abandon them. The former demonstrated that, if equal access was a major objective, action had to be directed at poorer families. Private banks were reluctant to fund educational investment, as the risk of student defaulting on repayment was considered too great. Public-sector support was therefore required. However, the proposal for replacing grants with public loans was rejected, particularly as students were likely to turn to paid work to limit debt. As a result, they would be less likely to do well academically, so that loans would have the opposite effect to the one intended. Furthermore, administrative costs to the government arising from possible defaulting on repayment were felt to be excessive. In Spain, debate has been part of broader consideration of the financing of higher education. In Ireland, the issue is far from a novel one. Until now, arguments against loans – above all that they are expensive to introduce and administer, besides deterring students from poor backgrounds and carrying the risk of defaulting on repayment – have won the day. In Italy, the failure of loans provision via the banks has stemmed from an ineffective mechanism for guaranteeing repayment.

In Portugal, the aim has been more to encourage student financial independence. However, families in fear of debt have opposed the government, which is not willing to guarantee loans. In France, the aim of the loans introduced was to reach a large proportion of students, thereby also encouraging their financial independence. These were bank loans on which interest payments were subsidised. While the banks responded to the measure up to a point, students were totally uninterested. The terms for borrowing, it has to be said, were not very attractive. The experience suggests that students will only take out interest-bearing loans when they really need them. Furthermore, loans to encourage the financial independence of students in countries which retain assistance to their families may seem somewhat inconsistent.

In the United Kingdom, the replacement of grants by loans would appear largely to have had the results intended, even though some students remain very reluctant to borrow. How is this to be explained in a country in which the Anderson Report of 40 years ago came out firmly against loans, whereas elsewhere proposals run into difficulty? Overall, the collective experience of countries that have attempted to introduce loans suggests that only an overhaul of the entire system can enable them to be implemented with some success. What distinguishes the United Kingdom from all countries which mainly award grants is, first, that loans are available to all students irrespective of their family income and, secondly, that families are not obliged to provide for their children. Furthermore, loans have been introduced gradually. The first stage entailed 'freezing' the amounts of grants at their nominal value in 1990, while at the same time introducing top-up loans to offset the difference between the amount received and the amount that would have been awarded if grants had been indexed. The loan amounts themselves were index-linked in such a way that eventually support would consist of an amount half-loan, half-grant. The second stage involved accelerating the process and, the third, planning for the complete and systematic replacement of grants by loans. Under these circumstances, students have had no alternative but to rely on borrowing. The recent transfer to students of responsibility for paying part of the tuition fees subject to family means-testing has made the system even more complex. Some students will have to borrow to pay these fees. The United Kingdom reforms are still an ongoing process, and so far the number of loan recipients has not overtaken the number of grant-holders. It is thus very hard to assess the impact of the new system at this stage.

One finding from this analysis is that if loans are meant solely for students of modest means – whether those no longer entitled to grants (because their period of study has been unsuccessful or because they are above the age limit), or in order to supplement them – there is a significant risk that the system will not work. For one thing, the banks will not co-operate given the likelihood of defaulting on repayment, unless the State offers them substantial guarantees. In addition, the extent to which student repayments will replenish the capital investment required by a public loan fund cannot be forecast.

Where all students, regardless of their social background, can contract loans, with no other forms of financial support available, they will probably be more likely to borrow. Developments in the Nordic countries with their long tradition in this respect strongly suggest that, as soon as students have other forms of subsistence, they are likely to avoid borrowing. Among the remaining questions, two merit brief consideration. First, do all students borrow in the same way, or is social background sometimes the reason why borrowing is avoided? Secondly, can the State meet the concomitant expenses if most students take advantage of their entitlement to loans?

In systems based on a combination of grants and loans, or just loans, it is the level of state subsidy which is controversial. In some Nordic countries, the tendency has been to raise the state contribution to grants rather than to the payment of loan interest. This has occurred following awareness of the considerable cost of interest payment subsidies for public expenditure.

In other countries, debate is centred more on the question of personal contributions, which is considered in exactly the same way as the one discussed above in the context of tuition fees. Those who favour increased personal contributions emphasise that higher education is essentially an investment by the individual, and that students must therefore meet their living costs during the period concerned. The fact that this has been the approach adopted in Iceland for some years has led graduates there to call for higher salaries to gain real benefit from an investment in which they have had to assume an increasing share of the costs. This clearly illustrates how the relation between the individual gain and the collective benefit varies depending on circumstances and the period concerned.

The conditions governing loan repayment are also controversial. Should the amounts repaid be income-linked, and should there be a maximum number of years for repayment? These questions are important because if the sums concerned are excessive, students will either avoid loans, or default on repayment, which will have obvious repercussions for the state budget. Income-linked repayments have the undeniable advantage of not imposing an intolerable burden of debt on graduates with small incomes. However, they imply a lengthening of the period for repayment – as much as 40 years in some cases – which may deter graduates from accepting loans and the State from introducing them at all. Furthermore, the amount of instalments varies with the income of a graduate at any one time. The terms of repayments are therefore subject to sudden change and hard to forecast. Income-linked repayments may also pose a problem where graduates work abroad. In such cases, it will be more difficult to obtain the necessary information about earnings in order to determine how much should be repaid.

Discussion has also focused on loans as a way of boosting educational efficiency. In Germany, the level of loan interest subsidies depends on how long students take to complete their courses. Where this is longer than authorised, interest is charged. In the Netherlands, support takes the form of a loan. If students complete their courses satisfactorily within the normal period, part of the loan is converted into a grant. If they take more than six years to do so, they have to repay all the money they have received. In Iceland, students must have satisfactorily completed the preceding semester in order to obtain loans. On the other hand, Finland has been opposed to this approach on the grounds that support should remain a form of genuine financial assistance, and not be used as a reward for sound academic performance. A measure with this latter emphasis was introduced in Norway and then abolished because it favoured more effective students. Besides the precise status of financial support, the debate also raises the question of the impact of support on participation rates. Certainly, in

countries such as the Netherlands, linking financial assistance to academic performance has led to a noticeable drop in the numbers of those who receive it. This has been accompanied by a slight reduction in student enrolments, which is probably due to demographic trends. Accordingly, it is difficult to draw firm conclusions from this experience.

C. ASSISTANCE TO FAMILIES

Analysis of debate on the subject of student financial support would be incomplete without considering the question of the balance between support to students and assistance to their parents. Naturally, this matter only gives rise to discussion in countries in which arrangements for support include an element of assistance to families in the form of family and/or tax allowances. Countries that have discontinued such assistance (or never introduced it) have no plans to reverse their decision. Two particular aspects have emerged in debate. They are, first, defining the precise aim of assistance awarded to families and, secondly, the inherent contradiction between calls from students for greater autonomy and financial independence, and support awarded directly to their families.

The difficulty in taking account of assistance to families in the debate on student financial support is intensified by the fact that the former is part of the broader context of the family allowance budget and taxation. Several of the issues and criticisms underlying the debate about family assistance merit further examination.

Controversy centres, first of all, on the complexity of student financial support that includes assistance to families. The many different kinds of support do indeed make for a somewhat confusing system. It should be borne in mind that the diversified forms of support to families discussed in Part I, chapter 3, include the following: family allowances, tax allowances or exemption for dependent children who are students, or for payment of their registration fees, tax credits, and tax allowances for contributions to the subsistence expenses of dependent students. Most countries that provide family assistance combine several such measures.

In several countries, there are recurrent calls to simplify arrangements. Pressure of this kind was one of the reasons for the 1986 reform in the Netherlands which led to the abolition of family assistance.

Another criticism has been directed at tax benefits which are proportional to income. Generally, student organisations take up this argument in their criticism of the system, to put forward proposals for support awarded directly to students (in the form of non-means-tested basic allowances). In the debate on the fairness of tax relief, it is doubtless helpful to remember that the aim of some of this assistance has been neither to finance the education of students nor their living costs. These have been among their consequences, but are not their initial political purpose. Thus the tax measures have been intended to target as accurately as possible the proportion of private income on which individual citizens may reasonably be taxed in order to fund collective expenditure (see Part I, chapter 3). Governments nevertheless use these mechanisms to lessen the financial burden to families of educating their children, with some of them extending this assistance beyond the age of 18, as long as the dependent person is still studying. Provisions, in some countries, under which tuition fees (and other real expenditure linked to studies) are tax deductible, are to be viewed more in conjunction with support to students. The same kinds of allowance are also at the centre of the debate on the fairness of tax relief. However, in evaluating these tax mechanisms, the use of criteria associated with the principles governing financial support to students is a far from straightforward matter.

The many different forms of assistance to families also make this debate very complex from an international angle. The scale and nature of tax relief in family assistance as a whole varies markedly from one country to another. Furthermore, the same terms are used in different countries to refer sometimes to different realities. For example, in Germany, the recent change bringing family

allowances within the scope of the tax regulations does not mean that families too poor to pay taxes are deprived of any support. They receive in cash what they cannot save through tax concessions. In Belgium, the change in tax regulations at the start of the 1990s was intended to replace tax allowances by tax exemption. The latter gave rise to the same tax savings for all, so that polarised support of the kind examined in Part II, chapter 1 was abolished. Developments in Italy are also of interest. Family allowances for dependent children aged over 18 have very recently been abolished, and opportunities to claim tax allowances have been limited. On the other hand, the amounts of tax credits have been very substantially raised. This simplification of the system has resulted in both greater transparency and greater fairness. The upshot is that the response to criticism about the unfairness of tax allowances is not necessarily the total abolition of family assistance, since fairness may be sought in changes to one or other form of assistance.

The question of the balance between tax relief and tuition fees is also relevant. In some countries, increases in fees paid by families may be offset by possible tax allowances. These measures reduce both national tax revenue and the real level of personal contributions which higher tuition fees are often meant to increase. In order to decide how much tax relief may be granted, each government has to size up the effort young people and families are willing to make to invest in higher education. This question leads crucially back to the debate on the extent to which higher education can be financed by personal contributions. It is very closely linked to the discussion concerning the scale of personal contributions required to help support the student cost of living, which was examined in section B.

More generally, provision for assistance to families – and, in particular, family allowances – in the financial support system raises the question of the latter's purpose. Should the aim be to assist families with respect to their needs (in the same way as grants are meant to assist students), or to lessen the financial burden on them that student children represent? The answer to this question is determinant. In the first case, assistance should be more related to income while, in the second, it must be independent of parental income. The first model of family assistance is operational in some countries (see Part I, chapter 3). Allowances go to families in amounts inversely proportional to their income, and are thus increased for the poorest. One result of this arrangement may be that families encourage their children to study, so that family assistance can be maintained. Indirectly, therefore, the procedure may well bolster efforts to counter traditional social and psychological barriers generally faced by young people from disadvantaged backgrounds. By the same token, it may encourage progress towards respect for the principle of equal access so difficult to achieve in practice, as section D will make clear.

The second model of support to families, in which support is awarded irrespective of family income, is more frequent. However, it raises a fresh question linked to the emancipation of young people. Where very young children are concerned, the award of a flat-rate payment to relieve parents of the financial burden of educating them may be justified in so far as they are totally dependent on their family. On the other hand, in the case of students in higher education, who have a legitimate yearning for financial independence from their parents and, in some countries, take up paid work in order to achieve it, the appropriateness of such assistance is questionable. In the Nordic countries, the direct award to students of a single form of support, regardless of parental income, is a sign that they should be considered financially independent. Is it fitting for other countries to provide the same kind of assistance to families, and not students themselves? The greater the financial independence of students, the less these kinds of family assistance appear appropriate.

This debate on student financial independence was mainly behind the abolition of family assistance in the Netherlands. At present, student organisations in other European countries, such as the Flemish Community of Belgium, France and Germany are calling for this kind of independence, and proposing to convert all support currently awarded into a basic social allowance with no element of parental means testing. In these three countries, the student proposals have not been accepted as, overall, they are felt to be unrealistic. In this debate, it is important to realise that, even if all support awarded

in the countries concerned, as grants, loans, family allowances, and tax relief etc., were incorporated into a single budget, that budget would not ensure that all students had sufficient support. For a system geared to the financial independence of students, which offers them all the same assistance irrespective of their family income, has to raise amounts of support to the point at which they cover all student living costs.

D. EQUAL ACCESS AND SOCIAL MOBILITY

As discussed in Part II, chapter 2, the principle of equal access is a basic principle underlying all student financial support systems. In all countries, it has crystallised into the aim of removing financial barriers facing young people of sufficient ability who want to study. In some of them, it is more ambitious. Here, the goal is to ensure socially balanced enrolment in higher education. In concrete terms, this means attaining similar participation rates for young people from all social backgrounds. Depending on the country, reference is made to the fight against élitism, or on behalf of social mobility. In either case, the idea is the same – that of removing not only financial impediments, but also the psychological barriers faced by students from underprivileged social milieux.

Changes in the participation rates of students from different social backgrounds are a useful indicator for measuring whether these barriers have indeed been dismantled and the desired objective achieved. Countries moving towards greater social mobility via their financial support systems have made a point of monitoring these trends. But countries in which the aim is primarily to remove the financial obstacles also possess data on participation rate trends with respect to social background, so it is interesting to compare these various national evaluations. It will enable a basic question to be answered: do essentially financial measures contribute to the removal of psychological barriers to entry into higher education? And, if so, is this more likely to occur in some circumstances than in others?

Despite the fact that, in the last 30 years, all European Union and EFTA/EEA countries have markedly increased their student population, this has not gone hand in hand with a significant decrease in unequal access to higher education[1].

However, acknowledgement of this fact should not lead to rejection of student financial support systems. Indeed, in all countries, they have unquestionably, in one way or another, given rise to an increase in participation rates among the population as a whole. Such systems have thus enabled students from disadvantaged backgrounds to embark on higher education in a way that would not have been possible otherwise. This section will examine how different national circumstances may help to explain this situation, showing that its interpretation will not be the same in all cases.

The imbalance in participation rates is the result of a twofold social selection mechanism. The first stage occurs at the lower levels of the education system. The more these levels are socially selective, the more the progress of children from disadvantaged social backgrounds will be thwarted from secondary school onwards. The second stage is at the point of registration for higher education: among students who have satisfactorily completed upper secondary education, with the qualifications to embark on higher education, those from disadvantaged backgrounds will be proportionally fewer in number.

Most countries have sought to limit the first stage of social selection. By altering school structures, they have enabled young people from underprivileged backgrounds to reach the level of ability needed to enter higher education. This first move seems all-important.

[1] For more detailed information on this point, readers should refer to the indicator F19 shown and discussed in the report *Key Data on Education in the European Union 1997* published by the European Commission (Luxembourg, Office for Official Publications of the European Communities), 1998.

As regards the second stage of selection – registration for higher education – inequalities between men and women have been largely reduced in most countries. By contrast, there are still conspicuously dissimilar participation rates with respect to social background and, more particularly, to the level of education of parents.

Among countries aiming primarily to remove financial barriers to access, Belgium is one in which participation rates do not seem to reflect more balanced representation in higher education. However, it should be emphasised that, in this country, amounts earmarked for financial support to students from poor families have declined sharply in the last ten years. In Spain, on the other hand, changes in participation rates have been accompanied by a lessening of differences between the social milieux in access to higher education. However, this trend has no doubt been due more to greater public investment in higher education, which has markedly brought down tuition fees, than to arrangements for student financial support. In France, differences have been noted in the length of the courses chosen. Young people from wealthier backgrounds enrol for longer courses, while those from disadvantaged groups prefer shorter ones.

Only two of the available surveys point to a steady decline in unbalanced enrolment. These results come from Ireland and Sweden, in which social mobility is a top priority. In Ireland, the student population has shot up in the last 20 years. Although there are still big differences in participation rates with respect to social background, the imbalance in enrolments has been reduced. In Sweden, the social profile of student participation in higher education has changed in the last 30 years: 40% of students say they would not have enrolled without financial support. The support system has therefore contributed to reducing unequal access.

In the Netherlands, the participation of students from disadvantaged backgrounds has also risen more than that of students in general. However, a direct relation between this trend and developments regarding financial support to students has not been conclusively demonstrated.

Denmark is doubtless the country in which the State has invested the most in financial support to students, by offering the majority of them a combination of grants and loans, in which the grant share is substantial. The responsibility assumed by the State *vis-à-vis* young people, with regard to both the cost of education and the cost of living, is considerable. Furthermore, the support system has long been considered a mechanism for encouraging young people from disadvantaged social backgrounds to enter higher education. However, the findings of studies in this country justify less optimism regarding the ability of the financial support system to eliminate unequal access at this level. For it does not seem possible to establish a direct relation between the level of support and the participation rates of poorer social groups. At present, students from these groups remain under-represented, while the parental contribution to their cost of living is minimal. In spite of the virtual abolition of financial obstacles, barriers of a psychological nature are obviously still important. Certain aspects of social circumstances in this country partly account for the significance of these impediments. For Denmark is not one of those countries in which studying is an attractive proposition as the only means to social advancement. The fairly high unemployment benefits there may prove more enticing than a student grant, especially for young people from social milieux in which going on to higher education is not traditionally the norm. This phenomenon is probably further accentuated by the fact that the professional gain in earnings attributable to possession of a degree is relatively unspectacular. As in the Nordic countries generally, the differences between the incomes of the most highly qualified graduates and others, are less marked than elsewhere in the European Union. The current debate in Finland about making study more worthwhile without raising grant amounts represents an attempt to solve a similar problem. Here, the intention is to withhold unemployment benefits from young people who do not want to study. A change in the outlook of young people *vis-à-vis* continuation of their education and training may emerge as a result of this measure in a few years. In Iceland, increasing calls from graduates for higher salaries are part of the same issue. In their view, the individual effort invested in study should be reflected in greater differences between the earnings of graduates and

those without a degree. Once again, this analysis shows that any interpretation or evaluation of a given situation is not possible without taking account of other variables defining the political and socio-economic context.

Italy is also one of several countries that has long sought to overcome elitism in higher education. At the outset, virtually free access was regarded as a means of achieving this aim. From that standpoint, the conclusions reached at the start of the 1990s were depressing: 90% of students were from wealthier social groups. However, virtually free higher education and catering for all were the only measures introduced with the above objective in mind. The economic situation was such that, until very recently, grant support was almost negligible in terms of both the number of recipients and the amounts awarded. Because of economic restrictions also, merit long remained a criterion for the award of student grants to the least well-off. This major psychological barrier for poorer social groups has just been abolished. The context here demonstrates how virtually free courses cannot, on their own, make higher education seem more worthwhile for young people from disadvantaged backgrounds, particularly when its possible attractiveness is blunted by tying the award of grants to merit at the point of access. Some years will be necessary to determine how measures recently introduced in this country (income-linked tuition fees, abolition of entry based on final secondary school results, reduction of services for all, and increased grant amounts) will help lessen the effect of social selection on enrolment in its higher education system.

Finally, it is often stated that the introduction of financial support in the form of loans may inhibit progress towards respect for the principle of equal access, in so far as young people from disadvantaged backgrounds are those who most fear debt. However no in-depth study on this subject is available.

E. PORTABLE FORMS OF SUPPORT

Today, with the internationalisation of study opportunities, student mobility is expanding. Its radical impact is not limited solely to academic calendars, curricular structure and academic recognition. It is also raising the question whether students can retain entitlement to support when they study abroad and, conversely, whether incoming foreign students can benefit from the provisions of a particular national system.

As Chapters 5 and 6 in Part I made clear, consideration of this issue is still at a very early stage if one discounts tiny countries in which study abroad has become a long-standing tradition. Yet it can no longer be overlooked. The political response to mobility must be built on a concern for consistency and cooperation. It will also depend on better knowledge and understanding of the way in which various countries organise their support at national level.

In current debate on loans, the question of graduates working outside their own country is linked to the terms governing their loan repayments. For when annual repayment amounts are income-linked – the method most commonly advocated for ensuring that excessive debt is not incurred – it appears difficult to implement the procedures correctly, or even keep proper track of individual cases, once graduates are employed abroad.

* * *

The professional qualifications required in the world of work, as well as the skills needed to belong to the social and cultural mainstream of modern society, are assuming increasing importance. Quite clearly, therefore, needs in regard to training will only become more extensive. In the last few decades, higher education has experienced several revolutions in terms of participation, methods of administration and course management. As the concept of lifelong education develops, demand is set to grow still further, with yet greater pressure on higher education to satisfy it. For this reason, no doubt, the egalitarian principle has always remained a central feature of the educational systems of European societies. It can only become stronger. In order to achieve this aim and improve education and training for all citizens, politicians are constantly faced with the task of resolving ongoing tensions in an appropriate balance between the state and personal contributions to higher education.

All the analyses in this study have shown that how this tension is resolved varies from one national context to the next. In its wealth of information on student support in various countries, as well as the development of their systems over the past 30 years, the study seeks to provide the data needed for further deliberation on the part of everyone involved in furthering access to higher education for all citizens. The study can in no way claim to elucidate all relevant problems underlying the subject it has addressed. But it will have achieved its aim if it enriches mutual understanding and fuels debate on this whole major issue.

Annex

Country Tables

BELGIUM

REFORMS	AIMS	CONTEXT
Before 1947 Creation of a university foundation and the *Fonds des mieux doues* (Fund for the exceptionally gifted): establishment of a support system based on merit and social background for higher education as a whole; system of granting family allowances in the form of salary supplements to all workers with one or more children granted regardless of income up to the age of 25 if the young people continue their education and remain dependent on their families.	- facilitate access to higher education for young people without resources; - develop and extend support to all aspects of higher education; - participate in the financial burden education represents to families.	Principle that families are responsible for their children to the limits of their financial resources. Since the end of World War I, industrialised Europe has experienced a rapid increase in consumption costs which has affected large families in particular. At the time, income taxes did not take into account the number of dependent children.
1947 Law establishing a system of non-refundable grants financed by the State; public subsidies to supplement the university fund; extension of this support to institutions equivalent to universities.	- respond to the growing demand for educational support; - ensure training for the necessary managerial staff.	Significant increase in the student population in the post-war period generally, and development of non-university higher education. Number of grant applicants continued to grow, leading to an increase in the number of loans.
1954 Creation of the *Fonds national des Etudes* (National Education Fund): award of grants based on merit and parental income; students required to show good progress in their studies to continue receiving support; in principle, moral obligation to reimburse these grants.	- instruct and develop training for the managerial staff society needs; - unify support policies for students.	Economic expansion and investment in education to create a qualified workforce. Access to higher education was traditionally free and without a selection procedure.
1957 Extension of benefits and indexed family allowances to the consumer price index. **1960** Establishment of subsidised social services in the universities; in the context of a new law on financing universities, institutions organise provision of student services at their own discretion.	- promote growth in the number of students; - provide access to higher education for all social classes.	Intensified economic growth created employment and massive investment in higher education. Universities enjoyed significant freedom to manage their own social services as well. Welfare State massively developed recognition of rights and social benefits.
1965 Indexed subsidies to institutions for social services to the consumer price index.	- adapt amounts to developments in the cost of living.	Political authorities showed great interest in education throughout the 1960s, in part because of an awareness of its importance to economic development and in part as a response to strong social pressure from the middle class.
1967 Royal decree reintroducing loans, but only for students who did not receive grants.	- reduce system of grants in favour of loans.	Numerous and serious budgetary problems. Recognition that the *Fonds national* (National Fund) was poorly suited to social development.

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REFORMS	AIMS	CONTEXT
1971: New law on government grants for a first qualification, loans for a second qualification or doctorate; revision of selection procedures; abolition of the merit criterion and selection examination; grant awards linked to family income; exemption from enrolment fees for grant-holders and partial grant-holders; allocations of rights shared by research on the improvement of education and social services at universities; awards and student loans became a Community matter. Loans for a second qualification were never really used.	- foster social mobility; - encourage young people from disadvantaged social classes to enter higher education; - simplify administrative procedures in selecting and managing support; - improve the effectiveness of the support system; - abolish all discrimination between the university and non-university higher education sectors.	Beginning of the 1970s: period of economic growth with a small public deficit. Regular growth in the budget dedicated to education. Higher education was considered a collective investment. Loans were considered a socially discriminating factor if they were only used by students from modest backgrounds. Increase in the number of students. New law for financing the universities that took into account the number of students and guidelines for the public funding of institutions. In 1971, the three linguistic Communities were granted cultural autonomy, which included administration of student support. Nonetheless, as the Communities had no fiscal authority, they could not increase budgets with new taxes.

REFORMS CARRIED OUT AFTER THE COMMUNITY DIVISION OF 1971 ARE PRESENTED SEPARATELY FOR EACH LINGUISTIC COMMUNITY.

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FRENCH AND GERMAN-SPEAKING COMMUNITIES OF BELGIUM

REFORMS	AIMS	CONTEXT
1978 Legislation known as the *Decret Michel*: substitution of grants by loans for post-graduate university higher education leading to a first qualification. The decree was never implemented.	- contain and rationalise the cost of financing higher education; - modify the generous character of the support; - make public financial intervention optional; - intensively develop recourse to the system of loans.	Around 1975, economic conditions deteriorated making it necessary to restrain public expenditure and affecting financing for higher education. Public debt grew significantly. Difficulties began to be observed even for university graduates in finding employment. Criticisms of the system of grants and of inequities in their distribution, in particular, were made (applications submitted by students with undeclared income and insufficiency of the amounts awarded). The (liberal) government considered investment in higher education to be an individual investment. Several proposals were drafted, including a significant increase in enrolment fees and replacing grants with loans.
1982 Revision of the decree re-establishing non-reimbursable education grants and rejection of the option to replace grants with interest-bearing loans; extension of education grants; recourse to loans only in conjunction with a grant or when a grant has been refused; non-payment of awards of amounts that are too small in comparison with the high administrative cost.	- rationalise administrative costs; - support students from disadvantaged backgrounds in an attempt to democratise higher education.	The *decret Michel* was not implemented following a rejection of loans as a '*numerus clausus* and disguised form of social selection' and a criticism of the loan system which seemed burdensome and problematic given economic conditions (severe inflation, high interest rates). Change in government in 1979. The economic crisis continued and public debt rose.
1980s- 90s: Restriction of the number and amount of grants; reduction of subsidies for social services (1986); restriction of family allowances.	- reduce public expenditure.	Explosion in the number of staff in higher education, most notably due to the extension of compulsory education to age 18. Great period of budgetary austerity by the public authorities throughout the 1980s.
1987: Modification and softening of the conditions for applying for grants and loans; increase in the age limit for the first award to age 35; consideration of part-time studies.		
1990: Increase in fees in the various non-university institutions.	- cover the deficit in the absence of a real fiscal authority in the Community.	In 1989, reform of the Belgian State involving a significant transfer of responsibilities from the federal State to the Communities, including almost all aspects of administering the education system. Social security (including family allowances, in particular) and fiscal policy remained federal matters. Limitation and supervision of Communities' recourse to loans. This significantly influenced policy in the area of education expenditure, which was the French Community's main budget item.
1991: Revision of tax reductions with the introduction of a redistributive mechanism.	- diminish the injustice in the greater tax gains achieved by wealthy families.	
1993: Adaptation (revision and consideration of the consumer price index) of the revenue ceilings for granting awards; increased fees in the various university institutions. Revenue ceilings have not been revalued or indexed since 1993; conditions for awarding grants have become increasingly restrictive.	- increase private contributions in financing higher education in response to budgetary restrictions.	Federal financing to the Community was awarded without completely adjusting to the consumer price index and resulted in budgetary problems. In 1993, responsibility for certain matters relevant to education was transferred to the Walloon and Brussels-Capital regions with financial assistance from the French Community in the form of a regular allocation. Financing for universities was revised with a ceiling placed on the overall budget at the number of students enrolled in 1992, although the student population was constantly growing. In 1996, management autonomy was extended to non-university higher education institutions, with the autonomy to manage their own social services. Financing of this level of education was also based on a limited overall budget.

Appraisal. The system of support in the form of grants is not universal in nature. It aims to compensate for inadequate participation in higher education by the most disadvantaged socio-economic groups. However, the system fails to achieve its aims, because grants are awarded to families without reference to income and thus also assist the wealthier classes. The policy governing the distribution of student grants is stable despite increases in the number of students. Despite the principles of equal access and free access, an important social selection mechanism determines young people's access to higher education.

FLEMISH COMMUNITY OF BELGIUM

REFORMS	AIMS	CONTEXT
Between 1971 and 1978: Equalisation of the amounts of grants awarded to university and non-university education.	- abolish all discrimination between university and non-university higher education.	Increased participation in higher education as a result of growing unemployment levels and difficulties in finding employment faced by those leaving school without qualifications, as well as the raising of the compulsory school-leaving age to18.
1978: Increase in the amount of tuition fees at university level.	- compensate Community budget deficits.	
1983: Increase in the amount of grants for the most disadvantaged.	- target aid at the lower income levels.	
1988: Increase in tuition fees for non-university higher education.	- compensate Community budget deficit.	
1991: Changes in the criteria for awarding grants: consideration of the value of housing property tax in addition to family income.	- limit fraud using underestimated income declarations (by families of the self-employed, in particular). - improve targeting of support to the most disadvantaged.	Student recruitment tended to be very unbalanced socially. The increase in participation by working-class families was slight (between 12 and 15%), whereas participation by the advantaged classes went from 45 to 59% between 1976 and 1992.
1994: Introduction of a "social subsidy" for non-university teaching to organise services in kind for students.	- reduce inequalities between university and non-university levels.	
1996/97: Parliamentary debates: proposal to increase grant amounts, to extend them to part-time education, to allow grants to be maintained even though the first year must be repeated, to establish a system of loans.	- improve targeting of support to those who need it most. - diminish the cost of school failure and dropping out. - adapt the system to current developments.	During the past 15 years, little attention has been paid to social inequality due to the economic crisis (unemployment and public debt). The emancipation of young people from their families is at the heart of the debate today, as young people's dependence on their families is considered one reason for the social inequalities in access to higher education. Parliamentary debates describe the private investment that access to a qualification and the problems of inequality represent. The introduction of loans raises the problem of student debt and part-time work. Proposal to organise a method of selecting students for entry to higher education: introduction of an entrance examination in medicine (1997).
1998/99: Student grants are index-linked as a matter of course.		Since 1994, student grants had been indexed on the basis of an annual decision.

Appraisal. The political and legal context of support for students has remained remarkably stable over the past 25 years.

DENMARK

REFORMS	AIMS	CONTEXT
1952 The Young People's Education Fund Limited grant and loan support for gifted students in need of assistance. Discretionary awards.	- provide able would-be students with the financial means to study, so that they would not be prevented from doing so for economic reasons.	Welfare state and social welfare policies were dominant in the 1950s and 1960s, with support viewed in the context of the universal right to free access to education. It was granted to students under 28, and means tested with respect to parental resources.
1970 Act on State Student Support. Reform of grants and loans: introduction of low-interest state loans. Lowering of the age limit to 23 for parental means-tested support.	- ensure more balanced enrolment, from the social standpoint, in higher education. - reduce the extent to which students took up paid jobs, thus compromising their study attainment. - establish a legal framework and provide for the centralised management of student support.	The Young People's Education Fund could no longer satisfy the demand generated by mounting enrolment in higher education. The 1960s witnessed a decline in the Fund's relative contribution to the income of students which was boosted by paid work accounting for over half of their financial resources. Strong economic growth, and political stability. The education minister set up the Von Eyben Committee which submitted a white paper. Some Committee recommendations (such as support no longer dependent on parental means-testing) were rejected by the non-socialist government majority on the grounds that they were too costly.
1975 Revision of the Act on State Student Support on the basis of a 1974 bill: abolition of state loans to be replaced by state guaranteed bank loans at market interest rates. Maintenance of grant amounts at the same level.	- finance tax relief. - make graduates a little more socially accountable by increasing their financial contribution to society relative to that of other taxpayers.	Economic problems, with a growth in the public deficit and unemployment rates, and a fall in economic growth. Such problems were considered temporary and did little to restrain general optimism. Yet the economic growth index was low and inflation strong. Political allegiances became fragmented, but with a compromise between different parties on major tax relief proposals. The revised Act was adopted by all non-socialist parties, but opposed by the socialists. This shift to market rates of interest was made in the expectation that exceptionally high bank rates would soon return to normal levels.
1980 Act on State Student Support. The grant share corresponds to 70% of the cost of living for the first three years of study after the age of 20, and 40% after that; abolition of spouse means-tested support; lowering of the age limit to 22 for parental means-tested support.	- help motivate young people to study (especially those from disadvantaged backgrounds). - resolve the growing problem of paid employment among students inhibiting the satisfactory progress of their studies.	Contrary to forecasts, the economic situation became much worse at the end of the 1970s. The Act was based partly on the recommendations of the white paper submitted by the Central Council of Education set up by the social democrat education minister. Unemployment benefit for young unskilled workers and apprentices was higher than maximum student grant levels. In 1977, only 10% of students at the University of Copenhagen did not resort to paid employment during their period of study.
1982 Reintroduction of low-interest state loans; conditions for the award of grants and loans brought into line with each other; debt rescheduling facility.	- support those who had contracted high bank loans during their studies.	Student debt became a growing problem as a result of very high interest rates on loans, and the rise in unemployment among young graduates.
1986 Lowering of the age limit to 20 for parental means-tested support.	- lessen paid work among students, particularly in their first years of study. - reduce the overall period of study.	There was a need to improve the balance of payments and reduce public sector expenditure. The Knud Larsen Committee set up by the Minister of Education emphasised that paid jobs were taken up mainly by students under 22 whose parental means-tested grants were low. The Committee considered that the highest possible grant levels were desirable for the first years of study. In addition, the large number of graduates seeking jobs in the public sector was inconsistent with cutting back on the cost of its human resources. The long period of studies also appeared to compromise entry to private sector employment. This period thus had to be shortened, with the aim of achieving a better balance between the two sectors in the graduate labour market. The social democrats proposed the introduction of a basic salary during studies and the total abolition of parental means testing. The salary proposal was rejected by the parliament. Non-socialist parties until then broadly in favour of reduced support now increasingly accepted the idea of abolishing parental means-tested support, in so far as they represented the most privileged strata of society. At the same time, they endorsed the view that studies should be made more efficacious. The bill reducing the age limit to 20 was unanimously approved on the basis of the Committee's recommendations.

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REFORMS	AIMS	CONTEXT
1988 Major reform of student support system, with an increase in grant amounts for the first two years of study, the introduction of a study voucher scheme, and a fixed upper limit on loan amounts. Study abroad possible for four years. Associated reforms: modernisation of curricula; institutions funded on the basis of their 'active' student enrolment; students free to select their institution.	- ensure equal access to education, combined with reasonable living conditions, and promote education at international level; - reduce the overall period of study and student dropout; - prevent students getting into debt; - boost motivation to study, and prevent the decision whether to do so from being governed by short-term financial considerations; - get full benefit from the organisation of studies, while managing education on the basis of market principles, with greater student mobility creating healthy competition among institutions to boost their enrolment.	A ministry of finance working group further emphasised that salaries and unemployment benefits considerably higher than the amounts of support were a very strong incentive to enter working life immediately after leaving school. It proposed offering a similar income to all young people, irrespective of whether they decided to become students. Proposals for limiting access to certain courses were also drawn up. The government proposed a 48-month study voucher system, but this proposal was not adopted by parliament. The opposition proposed a more comprehensive scheme (similar to the current one) which was subsequently adopted.
1991 Lowering of the age limit to 18 for parental means-tested support. Period of voucher validity extended for parent students, with additional vouchers available on the birth of their children.	- reduce paid employment among students, especially in their first years of study; - reduce the overall period of studies; - improve support for students who became parents, and harmonise the system for all students.	The end of the 1980s witnessed a transformation in the balance of payments from a deficit to a record surplus. There was a better political climate and a clearly improving economic situation. The law was adopted by a large majority. Very few students in higher education were aged 18, and many students were parents.
1992 Award of loans on completion of courses.	- encourage students to complete their courses.	
1996 Introduction of a transport discount for students.	- provide cheaper student transport; - increase the mobility of students by extending their choice of possible institution.	Pressure was exerted by students to secure the same rights as other taxpayers who received tax allowances if they travelled further than a certain distance between home and their place of work. Implicit in the scheme was the idea that students would be less obliged to live away from their parents, since if student transport was cheaper it could be used more extensively. The law was adopted despite being opposed by the non-socialist parties.

Appraisal. The aim of ensuring that no would-be student should be prevented from studying for financial reasons appears to have been achieved. However, it would seem very hard to establish a close relation between the level of support and the level of enrolment among disadvantaged social groups. Studies demonstrate the significance of 'social reproduction' (the self-perpetuation of social strata) which is unquestionably attributable to psychological rather than financial factors. In fact, contributions from parental income amount to only a very small proportion of total student resources, so that variations in the former are of very minor significance. The standard of living of Danish students is higher than in most EU countries. It is hard to judge whether apparent incentives to study have any real effect. However, the system of support should be considered in conjunction with the relatively small difference between the highest and lowest Danish salary levels, which means that graduates in Denmark tend to earn relatively less over a given period of time than elsewhere in the EU.
The phenomenon of students in debt has become less marked in recent years. The average proportion of loans in student support has also dropped significantly. Satisfactory continuation of studies by young people in receipt of support has noticeably improved with introduction of the voucher scheme.

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GERMANY

REFORMS	AIMS	CONTEXT
1950-1960 Abolition of registration fees in the different *Länder*.	- make higher education institutions freely available to students.	The basic principle that study should be free of charge.
1971 BAföG Law (Federal Law to Promote Education).	- provide a legal framework for individual financial support to all German students. - ensure equality of professional opportunity for young people by granting them individual financial support, rather than compensating as far as possible for social inequalities by means of differing arrangements for provision. - avoid discrimination at all costs: all disciplines and kinds of course were on the same footing, irrespective of any possible political, religious or philosophical consideration. - avoid preferential treatment for the most gifted students. - educate and train as many young people as necessary in accordance with the requirements of a very highly industrialised society, and activate the full potential for training.	A major Christian Democrat and Social Democrat coalition. The establishment of a welfare state, and reform in the interests of individual well-being. Amendment of the basic law (Constitution) stipulating that the *Länder* should have responsibility in all areas except those explicitly assigned to the federal government, so that the latter might be able to influence the organisation of universities and other higher education institutions. The principle of family contributions: the law decreed that state support was subordinate to the responsibility of students and their families for student economic well-being. Furthermore, it was stated in civil law that parents should provide for their children's upkeep throughout their entire education, even after they reached the age of majority.
1974 Amendment to the BAföG provision for some loans.	- cut back expenditure.	Financial restrictions. The maximum income for the award of support was never truly linked to the rise in the cost of living.
1983 Amendment to the BAföG only interest-free loans.	- cut back expenditure.	The 1976 Framework Law on Higher Education which enabled the Federal Government to exert some influence over the organisation of higher education and contribute to its funding. Between 1979 and 1984, the real value of basic support fell by a fifth.
1980s Fall in the average monthly amount of support awarded. **1984-88** Various amendments to the BAföG.	- gradually play down the educational motives underlying the law (a sufficient number of appropriately trained young people), and move towards vigorous defence of social policy motives only (accessibility for all young citizens).	A 1987 amendment to the Framework Law on Higher Education. Higher education institutions became increasingly overcrowded, with a growing tendency also towards saturation of the graduate labour market.
1990 Amendment to the BAföG introducing half-grant and half-loan support. In 1991, the BAföG was extended to cover the new *Länder*.		German reunification; students took longer than normally expected to complete their courses.
1992-95 Amendments to the BAföG.		Since the introduction of the BAföG, there had been a steady fall in the proportion of those receiving support in the original *Länder*, from 44.6% in 1972 to 17.6 % in 1994.

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REFORMS	AIMS	CONTEXT
1996 Amendment to the BAfoG: introduction of an interest-bearing loan for studies continued beyond the maximum authorised period.	- shorten the period of studies.	As a result of the cutback in support, a great many students sought to compensate for the reduced state assistance by means of paid work. In 1997, it was found that 61% of students worked not only during the holidays in each semester, but for up to half of the time during periods of active course work too. This had the effect of lengthening their overall period of study. A government proposal to replace all interest-free loans with interest-bearing loans (like those offered by banks) was rejected by the parliament.
1996 Regulations for raising registration fees were introduced in the *Länder* of Baden-Wurtemburg and Berlin.	- trim both the federal and *Länder* budgets. - increase contributions from private sources and improve the efficiency of higher education.	A debate on exceptions to the principle of free higher education. Those in favour of registration fees considered that the latter would help improve management in the higher education sector through application of market economy principles: by becoming 'clients', students would have a direct economic impact on higher education institutions, in choosing from among the different courses on offer. Opponents feared that this preliminary measure was intended solely to see whether students were willing to make an increased contribution to the ongoing expenditure of institutions, and to accept the widespread application of a system that previously had only been introduced as an exception.
1997 Introduction of registration fees in Saxony for students wishing to enrol for a second qualification outside the normal study period.	- limit the duration of studies.	
1998/99 Registration fees in the *Land* of Baden-Wurtemburg for students who continue their courses for longer than the acceptable period.		At present, the funding mechanisms for institutions and financial support are entirely separate. However, it should be noted that: a) the academic fees currently charged by higher education institutions appear to be tuition fees classified under a different heading; ongoing discussions are thus seeking to determine whether they should be taken into account in the cost of studies and financial support to students. In the view of some, if registration fees are introduced on a general basis, students in hardship will either have to be exempt from payment or receive increased state support. b) there is also an ongoing debate about linking the funding of institutions to their results: it is possible that the number of students who respect the maximum period for the award of support may be one of the performance criteria.

Appraisal. Because the amounts of support (grants and loans) and the criteria for its award are not specially adapted, there has been an increase in remunerated work among students, and in the time they take to complete their courses. These savings in the budgets of the federal government and the *Länder* run counter to attempts to reduce overall periods of study by changing the conditions for the award of support. Measures to shorten periods of study by ruling out support for those who study for longer than the authorised period will further intensify the need for students to rely on remunerated employment and thus, contrary to intended results, increase the time they spend completing their courses.

GREECE

REFORMS	AIMS	CONTEXT
1964 The first education reform included the abolition of tuition fees and increased support for needy students who received the best academic results (grants, free meals, reduced transport fees).	- achieve a degree of social justice; - allow needy and gifted students to attend higher education; - provide the highly qualified labour force the economy requires.	During the 1950s and 60s, economic and social underdevelopment took the form of a low level of public expenditure for education, in particular, and inequalities among the various types of revenue, deficiencies in the workforce (too few graduates in science and too few graduates employed in industry and agriculture). Significant fall in unemployment due to emigration combined with structural unemployment due to deficiencies in certain skill grades. In 1964, the centrist government introduced the first educational reform by abolishing fees and increasing grants, free meals, reducing transport fees. The first national plan for education was prepared with very progressive measures. The plan was not applied due to the overthrow of the government. The main measures envisaged were applied in the second big educational reform in 1976, by the right-wing government.
After 1965 Efforts to accommodate the increased number of students after the reform of 1964, by improving the educational infrastructure.	- assume the financial consequences of the 1964 reform; - provide the highly qualified labour force the economy requires; - improve the quality of higher education offerings.	From 1965, a significant increase in the number of students after tuition fees were abolished contributed to the worsening problems in educational offerings. When tuition fees were abolished, students from all social classes were able to enter university. The Minister of Education continued to determine the number of new students each year, but in continuously increasing numbers. Implementation of the rest of the reform was postponed until 1974 when the right-wing party took power. From 1967 to 1974, military dictatorship had policies opposed to the ones that motivated the 1964 reform, but it would have been too unpopular to abolish it altogether. From 1964 to 1974, production growth rates in the industrial and services sectors increased. The human factor was considered the best way to increase revenues and productivity. Emphasis was placed on technical and higher education to improve the quality of the labour force. Economic growth was considered the way to reduce existing inequalities in terms of living and working conditions. Desired policies to redistribute income were not implemented, as they could obstruct the financing of growth. Changed salary differentials were implemented to motivate the acquisition of necessary skills. The national plan also called for a large-scale reorganisation of higher education institutions, special terms for recruiting teachers and an increase in the higher education budget.
1975 Education reform that made spoken Greek the official language, and applied most of the measures undertaken in 1964: access to higher education was guaranteed for the most disadvantaged, books were distributed free of charge, accommodation, two meals each day and reduction in transport costs were made available to the most needy, health care became free of charge for all.	- promote to everyone the option of higher education; - provide the highly qualified labour force the economy requires.	In 1974, after the dictatorship fell, the right-wing party came to power and implemented measures it had opposed ten years earlier. From 1973, an aspect of economic decline began to take the form of a high rate of unemployment, which also included university graduates. The military dictatorship froze agreement with the EEC and caused stagnation and inflation. After 1974, improvement in Greece's position in the international division of labour and improvement of the quality of life, which depended on the quality of the public services offered. The 1975 reform included a variety of elements that had an impact on opportunities for study. Two regional universities were established. The period of compulsory education was extended from three to nine years. Entrance examinations for primary and secondary school were abolished. Alterations were made to the structure of secondary education.

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REFORMS	AIMS	CONTEXT
1981. Education reform to complement the preceding, included in the national five-year plan (1983-87): creation of new institutions, increase in the number of positions, democratisation of decision-making processes in university administration.	- increase educational offerings in higher education; - provide the highly qualified labour force the economy requires; - improve chances of pursuing higher education.	The socialist government came to power in 1981. Greece entered the EEC. Very great inflationary pressures, low growth rates in gross domestic product, high rates of unemployment and a large public deficit. Various measures were implemented to confront the unemployment problem, including improvement of the education system and redistribution of the labour force among the regions. Emphasis on policies to redistribute income and improve social services. Nonetheless, the government did not resolve the structural problems in the Greek economy and this reform, like the preceding one, failed to direct enough students towards sectors relevant to the economy. Although higher education was provided free of charge, students' preparation for university entrance examinations remained very expensive (for students). Furthermore, as there were not enough positions, many students pursued higher education abroad (approximately one-third in 1991), which also proved very expensive for their families.
1983. Index of family income levels for the distribution of meals free of charge.		In 1987, 12% of universities' total budget was allocated to financial support for students (2.8% for books, 6.6% for meals, 0.2% for loans, 2.3% for grants).
1992. Grants awarded on the basis of academic results; support in the form of a combination of grants and loans distributed on the basis of means and performance; the total number of students that could be admitted for the two forms of support was fixed and was proportionate to the number of students in each university.	- adjust the selection criteria for various forms of support to students' needs.	Despite changes in the criteria, the income criterion was defined in such a way that support only covered students who lived below the poverty level. The Ministry's limitation of the proportion of grant-holders to the total number of students can explain the reduction in the number of grant-holders after 1992.
1996. Grants awarded on the basis, first, of students' economic situation and, second, of their academic success; loans abolished.	- reduce the costs of support for the State.	This legislative change can be explained by the need to reduce public debt to achieve the Maastricht criteria of economic convergence. The introduction of means testing has in effect caused the recent decline in the number of grants.

Appraisal. The 1975 and 1982 reforms failed to guide students in higher education towards the fields of study that most interest the Greek economy. Although there has been considerable improvement in the education offered, demand continues to exceed supply. The education system still has not found a balance. The distribution of books free of charge seems unnecessarily costly, as they are often destroyed, although other students could reuse them. The abolition of this subsidy, however, is not in the interest of the professors who write them. Accommodation in big cities is very expensive and parents are increasingly asking for state support whenever their children have to study in another city.

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SPAIN

REFORMS	AIMS	CONTEXT
1944 Law which first established the principles for what would gradually become the student support system. It provided for grants, exemption from tuition fees, insurance, loans, health care, free books and other forms of assistance.	- ensure that gifted students were not denied access to education for economic reasons; - facilitate admission of these students to higher education.	The scheme was very ambitious and unrealistic in its attitudes to funding. Furthermore, the law did not specify sources of funding. Implementation was slow and limited.
1953 A second law redefined the scope of support: grants for students whose families were suffering economic hardship; health care insurance.	- limit the different forms of support in order to improve their implementation.	More realistic attitudes to financing: students were to contribute half the cost of supporting themselves, with the other half coming from the state. Steadily increasing demand for education at all levels during the 1950s.
1960 Establishment of an Equal Opportunities Fund. The various forms of support were the same as in the law of 1944.	- ensure that everyone could gain admission to all levels of the educational system.	The growth in higher education participation rates was sustained. This increase in demand may have been attributable to the belief in Spain that social advancement was possible as a result of education. The introduction of the Fund was effective but, in itself, inadequate.
Between 1972 and 1983 A rise in the number of grant-holders coincided with a 50% fall in the amount of the real value of the grant. (In 1972-73, 8% of students received financial support, whereas ten years later the proportion was 11.2%.)		The 1970 *LGE – Ley general de Educacion* (General Law on Education) sought progress towards equality of access through structural reform of the educational system, and led to an increase in university enrolment. The reform simplified basic education, with a single set of arrangements for schooling up to the age of 14. Secondary education was organised into two branches, one academic, the other vocational. The first led to higher education and the second to the world of work. In one respect, the law broadened access to higher education by channelling more young people into secondary education as a result of the single structure (previously, some primary streams precluded access to secondary school). But the high failure rate in basic education once more blocked the way forward for many pupils. The same law also introduced a new three-year degree in higher education, alongside qualifications normally requiring five years' study. This move was democratic in so far as there was greater likelihood of completing a three-year course. Democratic government was established in 1975.

REFORMS	AIMS	CONTEXT
1983 Law on the system of grants and other forms of personalised support. Financial assistance for all who conformed to specified academic and economic criteria at all levels of post-secondary education (exemption from payment of tuition or registration fees, with grants awarded in relation to student and family resources and the distance between home and the place of study). Support automatically renewed in the course of study for virtually all students entitled to it when they entered university. From 1983, there was an increase in the proportion of grant-holders. (In 1983/84, 11.7% of students obtained support, as opposed to 18.7% in 1995/96.) A scheme for the introduction of loans in 2003, but work carried out by the ministry is progressing slowly. Neither it nor the universities appear keen to launch a public debate on the issue. Few changes are expected in the near future.	- ensure that all students in need were entitled to financial support irrespective of university sector (private or public). - Maintain the proportions of those awarded support.	There was a strong body of opinion in favour of making grants available to all students, and increasing the average amounts awarded. The marked extension of support responded to the demand from all students who conformed to the economic criteria. The law of 1985 *(LODE)* decreed free compulsory basic education up to the age of 14. The 1990 Law *(LOGSE)* emphasised access to education as a factor in achieving equality. It opened access to upper secondary education for a very considerable number of young people, thus enhancing their prospects for entry to higher education. The uniform structure was extended for secondary schooling up to the age of 16 while, at upper secondary level, the choice between academic or vocational courses was maintained. The latter continued to focus on preparation for working life, as opposed to preparation for higher education in the general branch *(bachillerato)*. However, the law also reintroduced advanced-level vocational training to which the *bachillerato* alone gave admission. This compromised on the principle of equal access to higher education which could not be undertaken without the *bachillerato*, or accessed directly via secondary vocational education. A 1995 report on the funding of universities was commissioned by the ministry of education. The report predicted that university enrolment would peak at 1.6 million students in 1996, and then fall back to 1.2 million by 2003. This decrease was likely to be offset by growing enrolment in post-secondary education. The report also proposed the loans programme which would concern around 250 000 students in 2003. The impact of a fall in student enrolment on university income should be offset by the increase in tuition fees. Yet, although this policy is fully accepted by academics and university administrators, it has met with very strong public opposition. Introducing the measure is not made any easier by the fact that neither the minister nor the institutions of higher education fix the amounts of tuition fees (this is the task of the governments of the Autonomous Communities). Structural deficit in university funding.

Appraisal Compared to the major contribution of public expenditure on higher education in boosting equality of access, financial support to students has had a relatively modest impact. The principle of equal access is not fully respected, and has only a limited impact in so far as even students who require no support receive it. This is due to means testing based on levels of taxation notwithstanding widespread tax evasion.

The development of upper secondary education is substantially affecting progress towards achieving equal opportunities to enter university.

The level of education of parents appears to have a substantial bearing on their children's level of study.

Conditions for the award of support that are weighted with respect to academic attainment and economic circumstances appear to be a mechanism for adjusting the amounts of support to the budgetary resources available. All students who satisfy the conditions receive support, whether they are enrolled in the public or private sector.

The administrative aspects of the system are steadily improving with time. Although there is less delay in the award of support, the decision-making process is still time-consuming.

University financing is undergoing a structural deficit which calls for extensive changes, especially as regards tuition fees. University rectors and the educational authorities agree that the time is not yet ripe in Spain for a public debate or a major reform of tuition fees.

FRANCE

REFORMS	AIMS	CONTEXT
1933: Introduction of the *prêts d'honneur* (loans) system. **1955**: Creation of the Centre National des Oeuvres Universitaires et Scolaires (CNOUS) for subsidised student accommodation and catering.	- enable would-be students from poorer backgrounds to benefit from higher education.	The principle that families were primarily responsible for their children's well-being until they were able to provide for themselves, but that public-sector support should be mobilised when family resources were inadequate.
1968-1981: lack of political initiative, and a decline in the proportion of grant-holders which was attributable to retention of the criteria and income brackets used to determine grant levels at a time when nominal income levels were rising.	Less forthright application of the principle of equality of opportunity.	Fierce outbreak of university unrest in 1968, following massive unprecedented growth in student numbers, and general discontent among students as a whole. 1968-81: fall in the growth rate of student enrolment. Presidency of G. Pompidou followed by V. Giscard d'Estaing. A *commission paritaire* (joint negotiating committee) established by the minister of education in 1969 agreed on the need to increase and broaden support, and to reform the CNOUS system with its regional offices (the CROUS). Its report had little impact and the minister left office not long afterwards. The situation surrounding public-sector funding did nothing to stimulate initiative.
1976: Upper limits imposed on tax allowances.	- correct certain benefits considered totally misplaced in being granted to the richest families.	
1982: Extension to students of personal accommodation allowances, subject to means testing.	- encourage students not to be dependent on their parents.	Growing pressure for increased support offering students free choice of their own accommodation.
1984: Law on higher education: priority for means-tested grants; improved criteria for evaluating the student cost of living; increased support in kind. Continuing increases in the budget between 1983 and 1989.	- help to boost student purchasing power. - compensate for the lack of fresh initiatives in the 1970s. - reduce social inequalities. - offer higher education to as many students as possible.	The Left came to power which rekindled interest in students. The Domenach Report requested by the minister of education agreed on the need to increase and reorganise support, modernise management services, reduce the subsidised share of the cost of meals and help students to adapt to life in an urban environment. Legislation reflected the conclusions of the Domenach Report. Between 1981 and 1994, the student enrolment growth rate was substantial. Introduction, in 1986, of the *baccalauréat professionnel* offering admission to higher education, and a huge increase in the proportion of those obtaining the *baccalauréat* (from 30 to 70 % between 1985 et 1995).
1991: A fresh social policy for students: increase in the number and amounts of grants, increased accommodation and university restaurant capacity, transport allowances and provision for health and welfare support. introduction of loans to complement the grants system.	improve the living conditions of students. - enable students to be self-supporting.	Formal consultation initiatives on higher education in 1990, with the establishment of a social assistance scheme for students. The minister reacted more promptly to developments and the likelihood of sudden widespread unrest in calling for all-round concerted effort. National plan for university development and modernisation (*Plan université 2000*). Awareness among politicians of the problems encountered by students was stronger. This was in no way compromised by the change in the governing majority in 1993. This loans policy was compromised by the banks which were reluctant to participate, given the high risk element of student loans with no parental surety, and unprofitable terms for repayment. The eventual aim was that 600,000 students should receive loan support. The banks said that 30,000 loans could be made available for 1991, yet only 80 students applied.

REFORMS	AIMS	CONTEXT
1991 Accommodation allowances awarded to students subject to means testing of their own income.	- encourage students to be less dependent on their parents (in particular through support for their own accommodation).	As attitudes changed, young people became more emancipated, and student unions demanded more extensive support than that related to life on campus and student accommodation. In principle, accommodation allowances were means-tested. In practice, there was no real means testing (students only had to state they had no personal resources). This provision was thus especially advantageous to students from wealthier backgrounds.
1990s Registration fees (nominal amounts for the great majority of students) were regularly increased.	- increase the contribution of students (and/or their parents) to the cost of education.	
1993 Supplementary tax relief : flat-rate allowances for children at school, and possible tax allowances on subsistence payments for students who, though living with their parents, had reached the age of majority.	- provide more satisfactorily for the needs of families with dependent student children.	A change in the governing majority.
1998 Grant support strengthened (the aim being to extend it to 30% of students receiving assistance); creation of grants amounting to exemption from registration fees and transport concessions in the Paris region.	- provide a fairer framework for support. - offer conditions ideally suited to successful study.	Considerable student unrest, with all university interests summoned to reach a negotiated solution to the crisis (1995-96). Presentation, in 1997, of the CIEUTAT Report on expenditure on student support which has highlighted the unfairness of the system. A scheme for student allowances designed to integrate the various kinds of provision in a single package has been envisaged, but temporarily shelved following the change in the governing majority in 1997/98.

Appraisal. The principles underlying the French system have never been seriously challenged. Yet in the absence of any really consistent approach, it has been badly affected by changes needed in order to adapt to the way the student population has developed. In so far as public support is not enough to prevent the poorest students from having to find paid work (the grant covers around 65% of their needs), the system is not really effective. In addition, procedures have been complex with a proliferation of players. The processing of grant applications has varied very widely with sometimes unfair results. According to one estimate, 27% of the applications processed in the *Academie* of Versailles resulted in the award of grant amounts that were inappropriate or unjustified.

The financial consequences of the new forms of support (the 1982 accommodation allowances and the 1993 tax changes) were poorly evaluated, and based on principles that were either incompatible or strayed from their initially declared aims. The different schemes between 1993 and 1995, which were intended to reform the basis for the award of the accommodation allowances to take stricter account of parental income, were successfully opposed by students.

The system is unfair, since it favours, first and foremost, the wealthiest and only after that the very poorest. The gap between these two extremes has been widening with age because the richest students are on longer courses.

IRELAND

REFORMS	AIMS	CONTEXT
Before 1968: grants for university students awarded by the local authorities were based on merit.		Emigration slowed during the 1960s. The country applied to become a member of the newly formed EEC. Search for new policies and underscoring the role of human capital. Introduction of a unified curriculum at secondary level. A secondary school leaving certificate granted access to higher education. Secondary school tuition fees were abolished.
1968: *Higher Education Grants Scheme*: grants for university students subject to means testing (with academic criteria).	- promote access to higher education without reference to geographic location, social class, gender or age.	In 1962, a national study identified geographic and social inequalities in access to higher education, in addition to those linked to gender. Increase in the capacity of the higher education system. The non-university sector became increasingly important, and the proportion of young people leaving school qualified and motivated to continue in higher education rose.
1972: *Vocational Education Committee Scholarship Scheme*: grants for students in regional technical colleges and technological institutes subject to means testing. **Mid-1970s**: *European Social Funding Training Grants Scheme (ESF)* (non-university sector not subject to means testing). The proportion of grant-holders increased significantly until 1975/76, then declined until 1978/79.	- assist non-university students.	During the 1970s, major surge of immigrants. The feasibility of introducing a system of loans has been examined several times since 1970. In this debate, graduates are considered the primary beneficiaries of investment in higher education as they obtain stable employment and high incomes. As a result, they should be able to devote a portion of their income to reimbursing a loan. Furthermore, the fact of taking out a loan should encourage them to make more considered choices in their education and motivate them to terminate their studies as quickly as possible to minimise the burden of reimbursement. The main arguments advanced against the implementation of a system of loans involve the high initial capital cost of implementing it, the prospect of the burden of this debt, which would discourage participation by young people from disadvantaged backgrounds, the complexity of administering loans, and the probability of significant defaults in loan reimbursement as so many graduates emigrate.
1984: Tax relief for people (parents) who declared they paid an income to students; increase in tuition fees.	- ease, to some extent, the burden borne by students and their families as a result of increases in tuition fees.	During the 1980s, renewed periods of emigration and severe economic recession. In 1982, a study on participation rates in higher education revealed significant variations among socio-economic groups entering higher education.
1992: Introduction of means testing in the *ESF Scheme* for the portion devoted to the cost of living (but not for the part that covers tuition fees). Grants extended to adults (*mature students*).	- harmonise the different systems.	Since 1993, the country has experienced a period of unprecedented growth and economic prosperity. Unemployment rates were high among those young people who did not hold a higher education qualification. Inequalities in participation rates by certain categories of the population persisted. Participation rates in higher education remained on the whole lower than in other European countries. Tendency of young adults to be more independent.

REFORMS	AIMS	CONTEXT
1994: Academic criteria in awarding grants abolished. **1995**: Tuition fees abolished.	- promote access to higher education for students from the most disadvantaged socio-economic groups and promote equal access by removing financial and psychological barriers to participation.	Increase in the proportion of revenues that institutions receive from tuition fees (from 15% in 1980 to 32% in 1993). During the 1990s, the number of births declined. In 1992, according to a study of participation rates in higher education, variation persisted in rates of access by different socio-economic groups. The Advisory Committee on Third-level Student Support Schemes recommended taking family size and capital, as well as income, into account as selection criteria in the award of grants; it also suggested progressively abolishing the tax deduction for income given by parents to their children aged 18 or over. The amounts saved as a result of this measure would be used to increase the grants. The Committee also recommended that the Ministry of Education pay particular attention to introducing loans for students who are not entitled to receive a grant. In 1995, the Steering Committee on the Future Development of Higher Education again demonstrated the large disparities in access to higher education among different socio-economic groups. The probability that students from the lowest socio-economic groups would complete secondary education was lower and their results on the secondary school leaving certificates tended to be lower as well. A study carried out on students in higher education in 1995 revealed that half of the sample group financed its studies by working part time.
1995: Abolition of tax rebates for income given by parents to children pursuing studies (*covenants*).	- improve fiscal equity.	Progressive increase in the cost of the tax relief awarded to families which increased from 3.5 million IEP in 1984/85 to almost 38 million IEP in 1993/94.
1996: Distribution of grants extended to students who take courses in recognised programmes abroad; introduction of an allowance for the unemployed, lone parents and people getting disability allowance or blind persons pension, who are over 21 and who wish to study (*Third Level Allowances*). Beneficiaries continue to receive social allowances if they become full-time students.	- promote transfer ability of grants for study abroad. - promote access to higher education.	Constant growth in the rates of participation and qualification in the higher levels of the education system: 43% of the age group were enrolled in higher education as opposed to approximately 20% in 1980 and 12% in 1960. Demand for positions continued to exceed supply. A *numerus clausus* was established for certain high-status fields of study (e.g. medicine).

ITALY

REFORMS	AIMS	CONTEXT
1951 Setting up of a body to administer support: reduced prices and competitive merit-based grant awards for students of limited financial means. Introduction of a supplementary contribution from rich families to university services with the aim of assisting exceptionally able students lacking financial resources.	- support gifted students facing economic hardship.	Right to study enshrined in the Constitution (1947), and enrolment virtually free. Universities appeared secluded and rigid in structure (Law of 1933). Admission to courses was very selective, as much from the economic and academic standpoints (with high attainment required at secondary level) as in social terms (only students with the *maturità* from classical and academic lycees could freely choose their university faculty). Families were considered financially responsible for their children, and support was awarded to families with dependent students.
1963 Law introduction of the *assegno di studio universitario*, a student allowance.	- provide direct support to students in financial hardship. - fight access to higher education based on elitist principles.	Massive university student enrolment at the start of the 1960s. The country was undergoing far-reaching economic, cultural and social changes. Unemployment, a long-standing scourge, markedly decreased. In 1962, a commission of enquiry was set up and followed by proposals for reform designed to ensure that study arrangements remained fully effective and that training satisfied the demands to which it was subject. New schemes and the restructuring of higher education into three levels of study were proposed. A debate was initiated but remained largely inconsequential. The provision of university education was considered highly productive and of considerable value to society. The resultant economic hardship for poor families therefore represented wastage arising from failure to provide an additional source of income. This could be offset by an allowance similar to a regular wage. Entitlement to financial support was very selective both in economic and academic terms (high attainment required at secondary level).
1969 Measures introduced, as a matter of urgency, including open access to all university faculties for those who had satisfactorily completed secondary schooling; principles for the award of direct support placed greater emphasis on financial circumstances than on merit; priority went to students previously awarded support; slight increase in the annual amounts of the *assegno di studio*.	- fight access to higher education based on elitist principles. - encourage students to continue their education to higher levels. - ensure that support to students throughout the entire period of study was awarded on a more consistent basis. As a result, virtually free admission to higher education developed along with easier entitlement to the *assegno di studio universitario*.	Admission to university courses was almost entirely free, an important factor in making higher education more democratic. Student enrolment rose steadily. The system attracted students to universities who were not highly motivated and discontinued their courses. Students no longer had to attend their entire course of lectures, as curricula became more flexible and fewer exams had to be taken before the summer break in order for financial support to be maintained.
1973 Reduction in grant levels (small, inadequate amounts) in order to fund universal services which accounted for 30% of the former grants subsidy.	- provide support for all students.	The pressure to introduce egalitarian measures which characterised politics during this period had little tangible impact on equality of access to higher education. The principle of the right to study became associated with arrangements for social assistance, which in turn considerably weakened the real impact of the system of support on the social composition of the student population. Legislative initiatives between 1960 and 1990 tended to defer a real onslaught on problems. The much sought after reform of the university system was constantly postponed because of inconsistencies and the bitterness of political debate.
1977 Transfer of responsibility for support for studying from the central government to the regions.	- decentralise the system.	No real national standard reference system. The government played only a subsidiary role in the management of its assistance. This led to widely differing practice across the various regions, with regard to amounts awarded, services and the conditions governing award. 'Massification' did not alter social mobility (1980s surveys). High enrolment and dropout rates. High rates of inflation and public debt were a drain on public resources.
1991 Law on the right to study at university, with the gradual introduction of a national framework of common references for support, replacement of the term *Assegno di studio universitario* by *Borsa di studio*. Paid part-time work as an integral part of courses, forms parliamentary agreement on the introduction of interest-free loans, but the measure was never implemented.	- achieve a uniform framework in relation to policies for support. - target support on the poorest. - enable universities to offer tax-free remuneration to students in return for their performing a limited range of activities within the institutions themselves. - attract students as a result of the additional income and work experience.	This law had long been eagerly awaited as a means of redefining the responsibilities shared between the State, the Regions and the universities. Rationalisation of public expenditure at the start of the 1990s, with an increase in taxes geared to the Maastricht criteria, and to remedying the ever-present public debt. Expansion and recession occurred in alternation, the wage index mechanism was frozen, household consumer spending was reduced. The effort to stabilise the economy was compromising the notion of the universal welfare state. Extensive unemployment a problem. Most students were still from privileged backgrounds (90%). Studies continued for longer than the nominal duration of courses and massive dropout on the part of students working part-time.

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REFORMS	AIMS	CONTEXT
	- reduce student dropout	Bank guarantee mechanisms were ineffective for loans.
1993 Reform of educational expenditure: criteria were determined for sharing the cost of studies and services with respect to student economic circumstances; financial and organisational autonomy for universities with an increase in the *Contributo universitario* (tuition fees).	- increase the private contribution to the cost of studies in relation to individual resources and cut back proportionately on state expenditure. - offer guarantees of fairness regarding access to boost social mobility.	Institutions were given greater scope for funding themselves. An increasing number of sectors approved the idea of a support system more directed towards the under-privileged target group. Changes reflected difficulty in redefining the egalitarian principle. The trend was from a common approach to a highly differentiated one.
1994 First law on equality of treatment. Uniform national criteria for award related to merit and economic considerations - establishment of minimum student tuition fees; clause providing for refund of the grant (award dependent on satisfactory student progress). Overhaul of the financial management of restaurant services with minimum prices.	- target support on the most disadvantaged. - achieve more effective management in the supply of services (especially catering) to allocate resources to grants.	After 1989, tuition fees increased. The public debt restricted expenditure. In accordance with the terms of the 1991 law, the law of 1994 specified the national criteria for the award of support.
1995 Law (applied during the 1996-97 academic year) on compulsory regional taxes for students on registration which were used solely to fund support, although the costs of registration depended on student means, grant amounts increased.	- encourage access of the poorest students to higher education and boost social mobility. - prevent increased expenditure. - spread costs in accordance with the ability of students to pay. - encourage solidarity between rich families and the poorest.	The extensive contribution of the entire working population to expenditure on higher education, via taxation, was unjust given the low participation rate of students from poorer social milieux. The opportunity to embark on higher education still tended to enhance prospects of entering the labour market (with relatively less unemployment among graduates). Enrolment at university meant being able to prove that one had sufficient means to embark on a course of study.
1996 Law introducing the supplementary fund. *Fondo integrativo* for grants and loans: the budget was shared among the regions on the basis of criteria setting out the priorities.	- increase the state contribution to grants funding so that grants could go to all those who satisfied the academic and economic conditions.	
1997 Second law on equality of treatment fixing scales for tuition fees that were dependent on the economic circumstances of students but with conditions common to the entire country; property was included in the calculation of income with gradual significant increase in grant amounts (linked to the cost of living) and with a higher minimum amount; students who satisfied the economic criteria for award of a grant without obtaining one were exempt from taxes and tuition fees; merit became a less important criterion in the award of grants, but sound progress was still taken into consideration; family allowances were abolished in the case of dependent children over 18.	- prevent tax dodgers from securing the various benefits available (lower tuition fees, etc.). - encourage access of the poorest students. - improve efforts to ensure that poor students were all treated similarly. - act to prevent student dropout. - offer support for study to those without financial resources.	Tax allowances for dependent children were based partly on real proven expenditure (with an upper limit of 22%). Those who paid the most were eventually partially refunded via tax concessions. Enrolment was clearly harder for some students than others, since attainment in secondary school examinations was a key consideration in obtaining a grant. But results were dependent on the school attended, with marks in the secondary school *maturita* exam have varied excessively from one school, stream or course to the next. Yet award of the grant has unfairly depended on them.
1997 Regulation setting an upper limit on tuition fees corresponding to 20% of the public funding received by an institution which had to fix the amounts of personal contributions (taxes and tuition fees) in proportion to the economic circumstances of the student's family.	- give educational institutions greater financial autonomy. - prevent discrimination between students in the payment of taxes and tuition fees. - prevent students and their families from being unable to support a reduced state commitment to funding.	Consistent with the financial autonomy of institutions, the regulation enables each institution to plan a level of student contribution that respects the general rules determined at national level.
1998 Grants awarded as an incentive policy for some courses and universities. The flat-rate tax concession for dependent children has been substantially raised.	- support students while rationalising their choice of courses. - boost mobility towards courses for which places are available, and/or which are of special national interest.	A complementary measure in the whole policy for counselling and guidance. A judicious choice of courses leads to better use of resources.

LUXEMBOURG

REFORMS	AIMS	CONTEXT
1977 Fixed law on financial support awards in the form of grants, interest-bearing loans at very high rates (8%) and interest-free loans; proportion of students receiving these three types of support varied on the basis of the financial and social situation of students and their families; the maximum amount was set by regulation and adjusted annually on the basis of the consumer price index; support overall could not be awarded for more than one year more than the normal length of higher education; registration fulltime lines at institutions abroad were taken into account in awarding financial support.	- make access to higher education easier and more general; - improve the transparency of the support system; - ensure the principle of higher education free of charge for students going abroad.	The State had been providing support in an unregulated fashion for a long time. The volume of support had been rather low until then and consisted of loans, although it appears there were numerous agreements to waive reimbursement. During the 1970s, the number of students undertaking higher education began to increase significantly. Students went abroad to pursue higher education. The proposed law receives a considerable amount of criticism from students in particular, who fear the new system will be less favourable to them. The principle of enrolment in higher education free of charge is part of the tradition in Luxembourg.
1987 Law on research and development with the creation of training-research grants.	- develop university research.	
1992 Amendment of the 1977 Law, with an increase in awards to foreign students in connection with Community provisions on free movement; consideration of the number of children in higher education from the same family; transition to a single system combining grants and loans with students assuming responsibility for only a 2% interest rate and the rest being borne by the State; special grant for students who complete the first stage of higher education successfully and within the allotted time-frame. During the same year, social security coverage extended to students abroad.	- render the Law consistent with the provisions of Community law; - make the system generous and attractive to a maximum number of students from all social classes; - foster achievement and encourage further studies; - decrease students' financial burden in reimbursing the loan; - treat all students pursuing higher education abroad on an equal footing.	Firms continued to recruit growing numbers of highly qualified individuals. It became more common to pursue further education. Students had to go abroad to pursue their studies and their families had to bear the added cost. The State respected the principle of choosing institutions and countries freely. The problem of student indebtedness began to attract the attention of politicians. The fact that students must begin their careers in debt was increasingly deplored. The project received few criticisms, as it targeted all students from all social classes. It encompassed some of the proposals made by student associations. The context was reasonably favourable and the law was approved with a large consensus, almost unanimously. The Green and Communist parties claimed discrimination and proposed a minimum basic income for all students.

Appraisal. Luxembourg has always been a particular case, because only limited higher education is available there and students must pursue their studies abroad. No appraisal of the system of student support has been carried out. The latter is very generous and has not been the subject of debates or criticisms.

NETHERLANDS

REFORMS	AIMS	CONTEXT
Before 1956: Financial support was limited to interest-free loans for students from families unable to subsidise the cost of higher education; grants were restricted to very needy and gifted students.	- encourage access to higher education by the most disadvantaged.	The basic principle was that parents had a primary responsibility to meet their children's needs. The democratisation of higher education was seen as a social principle based on the right of equal opportunity.
1956: *Rijksstudiebijslagen*: Adoption of a system of grants, interest-free loans based on family income and evidence of the student's ability to pursue higher education; system of family allowances and tax benefits was modified; amounts vary in terms of the share of costs assumed by families.	- encourage access to higher education for all social groups.	Creation of the *Rutten Committee*. Proposal to amend the system by introducing interest-bearing loans that could be converted into grants by students who achieved satisfactory results. The maximum amount of the loans to be awarded would be fixed to limit the duration of higher education. The committee distinguished support in the form of direct grants from collective services. The concept of using salaries to finance students was rejected out of fear of increasing inequality and, above all, due to the risk of increasing the number of students excessively. Economic prosperity of the 1950s and '60s.
1966: Reductions in the amount of the grants compensated by an increase in family allowances and tax advantages.	- respect the principle of democratising higher education. - enable families to bear the financial burden of higher education.	1964: Report of the Student Union (SVB), claim for a complete reimbursement of the costs of higher education and living expenses for everyone who achieved satisfactory results. The academic council opposed this idea which was designed to achieve financial independence, principle of families' responsibility. The government also resisted in the light of the growing number of students. In 1965, the *Sassen Committee* was established to study the best way to support students in connection with support for families. Economic prosperity continues. The growth in the number of students has an impact on the budget. Student dissatisfaction, because measures providing family support were not in themselves very visible.
1974: White paper – *Kiem Nota*: proposal for a new system with a universal basic grant and the elimination of support to families, maintenance of supplementary support for students from low-income families, availability of guaranteed interest-bearing loans. **1981**: *Letter from Minister Pais*: presentation of a new support system based on students' financial independence. The Academic Council advised limiting support for new students entering the system on the basis of family income and to match students' financial independence with success criteria.	- help young people become independent of their families. - respect the principle of equal access.	Beginning of economic recession following oil crisis. Inflation and unemployment increase. Given the need to limit public expenditure, it was no longer possible to finance support. Numerous dropouts and the cost of higher education raised questions about the effectiveness of institutions. Constant increases in the numbers of students also involved limits in the capacity to deal with them and additional costs. The government wanted to reform higher education while maintaining the principle of democratisation and equal opportunity of access. Several committees and reports on the question of support. Opposition on the question of whether or not students should be independent, of the establishment of universal loans or basic salaries, and of the increase or abolition of tuition fees, but no concrete measures emerged.

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REFORMS	AIMS	CONTEXT
1986 *Wet op de studiefinanciering* - Law on financial support for students: abolition of assistance to families with children over age 18; introduction of legal protections for students; creation of a universal basic grant system covering part of living expenses; possibility of awarding supplementary grants to students from lower income families and interest-bearing loans for a maximum amount to be established annually; duration of support limited to 6 years (maximum) except in exceptional circumstances.	- reduce students' financial dependence on their families; - guarantee equal access; - simplify the system; - ensure equal treatment for all young people.	The economic situation stabilised, higher education was predicted to grow, and the university reform was instituted. The number of students was expected to fall for demographic reasons. As a result, Parliament granted a supplementary investment in support but not students' complete independence from their families, who remained responsible. Transition phase in flux between two separate budgets, reduction of expenditure for tax breaks and family allowances. In 1983, reforms of higher education: dependence of research funding on the number of students was abolished.
1988 *Harmonisatiewet* - Harmonisation Law: students who continued to study after six years would both lose their right to support and enrolment fees as a student and their tuition fees would increase sharply. Universities and HBOs were to have comparable tuition fees so that fees in HBOs would also be increased.	- harmonise costs for different levels of education.	Reforms of the institutions and financing. Budgetary problems soon arose. The new system created additional administrative management costs and the average duration of higher education was excessive (students also frequently used exceptional circumstances to extend this period). An increase in the number of students was observed, although demographic predictions called for a decrease, which can be explained by women's emancipation in higher education and the workplace and by the new, two-phased structure of higher education which, in theory, shortened the duration of higher education and motivated a new group of students.
1991 Creation of a ticket for public transport free of charge for all, replacing the complex system of compensating transport fees directly; reduction of the amount of the basic grant.	- treat all students equally; - reduce budget deficit for transport reimbursements; - reduce costs.	The government budget did not grow, whereas demand for support took off. Students asserted their rights to the maximum.
1992 Reorientation of the grant system: reduction of the limited authorised duration of higher education, lowering of the age limit for admission (from age 30 to 27); students above this age only have a right to interest-bearing loans; increase in tuition fees; increase in supplementary grants and the amount of authorised loans; reduction of basic grants to compensate transport costs; increase in interest rates for loans by two points above the State rate and interest to be paid during higher education.	- increase private contributions from students and their families.	During the 1990s, change in policy: privatisation and individual responsibility replaced the concepts of solidarity and Welfare State. Increased contributions from families (or students) to meet costs fell under this principle and were analysed in terms of the individual benefits of this investment in higher education. Growth in the number of students remained a serious burden on the budget, however. The basic principle of opening up access to higher education remained in place.
1993 *Tempobeurs* - Grants linked to academic progress: maintenance of the two types of grants (basic and supplementary); if students passed at least 24 of their credit hours. If students failed, their points were converted into interest-bearing loans.	- reduce public debt; - avoid the use of support for ends other than higher education; - stress the obligation to succeed.	Grants were awarded specifically for higher education. Nonetheless, some students used them for ends other than making progress in their studies. Before 1986, the system included performance among its criteria. In addition, the government had to reduce the public debt. Financing for institutions was linked to performance beginning in 1993 and was no longer assessed solely in terms of student numbers.
1994 Amendment of the system of transport tickets to increase student participation and limit costs: option between a weekly or complete season ticket (including weekends) or a deduction of the price from the basic grant.		Expiration and renegotiation of the contract between the Ministry and transport companies in 1994. The cost of these tickets had been higher than expected for the companies because, in their view, tickets were being used for purposes other than education, for the weekend in particular.

REFORMS	AIMS	CONTEXT
1995 STOEB: *Student op eigen benen* – Law on independent students: reduction in the basic grant for all but a lower amount for students living with their parents; compensatory increase in supplementary grants and loans; increase also in the maximum amount a student can earn and still remain eligible for support; award of loans became independent of family income; increase in the requirement to pass to at least 50% of credit hours each year. Parliamentary agreement to increase tuition fees in three stages on condition that the education programmes guarantee quality and feasibility.	- reduce the amount of expenditure for support and maintain the government's ability to support the system; - underscore the principle of individual responsibility; - maintain the principle of a right of access for all; - enhance the quality and effectiveness of higher education.	The government wished to maintain the principle that everyone has a right of access and to emphasise the principle of individual responsibility. Institutions were also responsible for the quality of their programmes and feasibility of completing higher education within the established timeframes. Students were made more independent by loans awarded without reference to parental income and by the right to retain support despite higher personal incomes.
1996 *Prestatiebeurs* – Loans convertible into grants on the basis of merit: transformation by converting the grant system (of basic and supplementary grants) into loans convertible into grants on the basis of achievement. These conditional loans could only be obtained for higher education courses with a fixed duration and were convertible into non-refundable grants if students satisfied the success criteria.	- make students responsible for the cost of their higher education and living expenses; - reduce expenditure to achieve financial balance in the public budget.	Coalition government since 1994. One major aim of the agreement was to modify the distribution of responsibilities between government and citizens: to ensure the feasibility of limitations on the duration of higher education, institutions had to submit quality plans for evaluation before they received subsidies. Abolition of the unlimited period for enrolling in higher education, but autonomy for universities to fix the additional tuition fees to be charged to students who exceed the normal period of time for receiving support. The minimum base established by the State is the amount applicable to all other students.
1997 The ceiling for granting supplementary grants was raised; certain institutions and fields of study provided financial support directly to students.	- make certain fields of study attractive; - reinforce ties between students and their institutions; - increase the number of students receiving supplementary grants; - avoid having financial problems hold back higher education.	The *Herman Committee* was set up in 1996 to adapt the support system over the long term; the system had been changing continually since 1986 without achieving its aims. The committee proposed to differentiate support by institution and make students dependent on their families. The system had become increasingly complex with different rules for different students according to the year they enrolled. Changes were sought in the relationship between the government and universities in order to create a direct relationship between students and their institutions.

Appraisal: Between 1963 and 1981, numerous projects were drawn up to modify the system according to three basic principles: access to higher education based solely on ability; the financial independence of students from their families and loan reimbursement. Guaranteed access for all students from all social classes remains a guiding principle. Debate on the financial responsibility of parents. Debate on the reimbursement of loans and the risk of indebtedness. Since the system was instituted in 1986, there have been numerous changes due in large part to the economic recession and increasing numbers of students. In addition, the change in social perspective towards increased private responsibility also explains the gradual decrease in the amount of basic universal grants and the proportional increase in the amount of the loan and supplementary grant.

AUSTRIA

REFORMS	AIMS	CONTEXT
Before 1963 Grants were awarded at the discretion of the university authorities.		From the 1950s, there was a high birth-rate which peaked in 1963. The cultural tradition was authoritarian and paternalistic. In accordance with their means, parents were meant to provide for their student children.
1963 Law on student grants for families of modest means: the maximum grant covered the entire student cost of living; satisfactory student progress was a precondition for support, with a specific body to ensure that this requirement was properly implemented. After 1963, legislation relating to grant support was regularly amended to adapt income thresholds for the award of support to inflation.	- make better use of the broad potential capacity for student attainment which was greater than the real number of students in higher education; - enable gifted students of limited means to enter higher education.	Policies to counter social inequalities were implemented through development of the Welfare State. From the 1960s, education was regarded as an important factor in growth and economic competitiveness.
1967 The Family Burden Equalisation Act, under which parents received the same amount for each student who conformed to the criteria.	- reduce the financial burden to families represented by each child who became a student.	Under civil law, parents had a legal obligation to provide for their children as long as they remained students. Between 1963 and 1975, the population rose following a first wave of immigration. Economic growth was good, with low rates of unemployment. The clear wish that higher education should expand and be equally accessible to all was at its strongest during the 1960s.
1969 Grants were defined as a contribution to the student cost of living that supplemented other forms of income (and, in particular, the parental contribution). They became available for a great many students.	- make grants available to greater numbers of students.	
1970s Tax concessions were converted into family allowances awarded irrespective of income. Expenditure in support to families rose sharply into the middle of the 1980s. The percentage of students eligible for a grant gradually fell (from 24% in 1971 to 10% in 1992).	- ensure that all children received equal treatment on the part of the state.	Equal treatment was worked out by the new Social Democrat government, and represented a compromise between parties of the Left that sought to channel support essentially to low-income families, and parties on the Right, which called for support also to high-income families who spent more on educating their children. These families were over-represented in higher education. General support for greater social mobility, educational opportunity and an all-round increase in student enrolment was relatively weak. The laissez-faire tradition in universities applied as much to students as to academic staff. The academic authorities did not monitor student progress, which resulted in high dropout rates and abnormally long periods of study. Admission to university was unrestricted and totally free. By contrast, secondary education was highly selective. Dropout rates were very high, and courses took a very long time to complete, in particular as a result of students turning to part-time work.
1986 the age-limit for support to families was lowered from 27 to 25. The percentage of students eligible for such support fell from 80% in 1970 to 63% in 1986, and expenditure on support to families gradually diminished.	- cut back on public expenditure.	A slight increase in the rate of economic growth in Austria was the result of substantial public investment that worsened the state of public finances. The year 1986 marked the first stage of tax consolidation and reduced public expenditure. It was to have little impact on education budgets, except as regards support to families.
From the middle of the 1980s certain kinds of tax	- amend family policies to lessen the	There was perennial discussion on the aims of family policies. The alternatives debated were shifting

REFORMS	AIMS	CONTEXT
concession were again available. **1988** Amendment to the law on income tax: with possible tax credits not related to income, but also possible income-linked deductions from the total tax base.	financial burden represented by a student child.	support from the richest to the poorest, and lessening the financial burden represented by a student child (a burden that became greater, the richer the family). The issue led to a dispute between the government and the constitutional court in 1991. The court ruled that the family support scheme was inadequate, since the expenditure of rich families on education was generally greater.
1992 Grants were once again devised to cover the entire cost of living. Attainment criteria for support to families were introduced, and the age-limit was put back to 27 again. The percentage of students benefiting from support to their families dropped sharply from 50% in 1992 to 30% in 1997, but the percentage of student grant holders climbed from 10% in 1992 to 14% in 1995. Grants became available for study abroad.	- restrict public expenditure; - make student attainment a criterion.	The number of foreigners doubled between 1988 and 1992, with the second influx of immigrants. This number fell in 1992, following more restrictive immigrant legislation.
1993 New categories of family allowances, with variations according to the number of children. A substantial increase in amounts for students in higher education.	- vary family allowances in accordance with the number of dependent children.	First retreat from the principle of equality of treatment for all children.
1995 Abolition of free student transport, and wholesale reductions in family allowances; amounts fell very markedly after 1995.	- cut back on all public expenditure and lessen the debt; - respect the Maastricht criteria.	Economic recession between 1992 and 1995, with a growing federal budget deficit. There was a second stage of tax consolidation in 1994, in order to meet the Maastricht convergence criteria. Meanwhile, Austria became a member of the EU. This was to have implications for all educational expenditure.
1996 The age-limit for family allocations was now reduced to 26, and new attainment-related conditions were introduced. University students were especially affected by these amendments. The academic progress of students in non-university higher education was already watched more closely. Their courses were shorter, and they thus conformed to support criteria for both grants and family assistance.	- cut back on public expenditure.	A change in the age pyramid, and considerable increase in expenditure on pensions and health care. The growing demand for welfare emanating from older people led to disputes regarding the distribution of the state budget. In 1996/97 there was a significant fall in fresh university enrolment. The student unions said it was the result of deteriorating student conditions. It became urgent to reconsider the way expenditure was managed.

Appraisal. In the last three decades, amounts earmarked for support to families have been substantially greater than grant amounts, even though recently the difference has become less noticeable. The high levels of family support have had a relatively subdued impact on equality of access since, in the main, this support has not been income-linked. The proportions of students from different social backgrounds have scarcely changed since 1970. The use of taxable income to determine family needs in the award of grants has been a subject of controversy for years, fuelled by the idea that the children of independent workers are more readily eligible than others. However, there is a consensus that taxable income is the best, albeit an imperfect, indicator. The long time taken to complete university courses (seven-and-a half years on average) is mainly due to part-time work undertaken by students without grants. Students who receive grants do indeed take up paid work less than others, since their grant is withdrawn if they study for longer than the normally expected period. Receiving a grant thus speeds up the time taken to graduate by around nine months. Yet improving course efficiency by increasing the number of grant-holders would have only a minor impact on the state budget, in so far as it would not lead to any real change in the financing of higher education institutions. For Austrian universities cannot invoke limited capacity as a reason for refusing entry to students. More important is that the economies resulting from shorter courses would not cover the additional costs linked to the increase in student grant-holders.

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PORTUGAL

REFORMS	AIMS	CONTEXT
Early 1970: Establishment of an educational reform: grants were awarded by the rectors of the four universities, in accordance with economic criteria and academic merit; there was considerable support for meals at reduced prices in university canteens for all students.	- enable financially poor, gifted students to enter higher education; - broaden access to higher education.	In 1974, after the *coup d'état* and popular uprising, the country experienced a political revolution which led to the founding of a democratic state.
1977: Exemption from registration fees and calculation of grant amounts on a diminishing scale in accordance with the financial circumstances of students and their families. From **1977** to **1985**: grant amounts were realistically updated with respect to the consumer price index, but not the household income scales used to determine maximum grants, so the number of grant-holders fell.	- secure greater justice and social fairness; - establish a direct relation between grant amounts and the economic resources of families; - respect the principle that the responsibility for support should be shared between the family and the state.	There was an increasingly strong demand for admission to public-sector higher education, and a *numerus clausus* was introduced in 1977/78. Entry to higher education was determined by a national competitive examination. A period of political instability occurred between 1977 and 1983.
1980: Setting up of the Council for Social Action in Higher education (CASES), which was a mechanism for proposals and consultation geared to formulation of a social support policy.	- centralise the management of support and make it more consistent; - provide services for all students.	
1984: the amounts of grants and in household income scales were updated; meal prices in university canteens went up, with a distinction between prices for grant-holders and non-grant-holders; students were represented in the CASES.	- allocate financial support to students facing hardship; - improve the targeting of support for those really in need.	Throughout the preceding period, it proved difficult to verify properly the amounts of income declared by families with dependent students and to prevent fraud. A period of political stability began.
1985: the distinction between grant-holder and non-grant-holder meal prices was abolished, and the prices themselves lowered; grant amounts and income levels in the family income scale were again increased.		Substantial inflation. A national student strike to protest against the measures of the previous year.
Between **1981** and **1994**: the grant share of total support rose, while the catering (canteen) share fell. From **1984** to **1997**: there was reasonable updating of grants and household income scales. There was also a gradual increase in the number of grant-holders which became significant in 1991/92.	- improve the targeting of support to those really in need.	
1990: A study allowance for students in private higher education who had obtained a minimum of 15 marks (at the end of each year of study).	- attach greater emphasis to merit, in the light of budgetary problems.	Calls to respect the right to enter higher education of all those who had satisfactorily completed secondary schooling became increasingly widespread. In 1989, the ranking of applicants in the national entry examination was abolished. Confronted with a demand for places that the public sector could not satisfy, private higher education began to expand. Its operational regulations became more flexible.

REFORMS	AIMS	CONTEXT
1992/93 Considerable increase in tuition fees, while maximum grants were fixed at 80% of the national minimum wage; the number of grant-holders and student residences both grew; the state contributed to catering expenses.	- help students to study in better conditions, as a result of the provision of services, and the award of support; - address the problem of geographical restrictions on access.	Student support was a central issue in political debate. Following student demands for better organised higher education of improved quality, negotiations on a plan for reform took place, and an agreement was signed with student associations.
1993 The CASES was replaced by the National Council for Social Action in Higher Education; students took part in the management of their accommodation; new tax allowances were granted to families who paid higher education tuition fees; deductions were possible for student children up to the age of 25.	- provide for a fairer distribution of financial resources; - improve the quality of education.	A new formula for financing universities and state polytechnic institutions.
1994 Inflation-based mechanism for updating grants and household income scales; merit was no longer a condition for the award of support in private higher education.		
1995 Tuition fees were suspended.		Student protest and boycotting of tuition fees.
1996 Support for the private sector was allocated in accordance with the same principles as in the public sector, with an additional element to assist in the payment of tuition fees.		Between 1978 and 1996, the number of applicants for admission to higher education increased fivefold, alongside a trebling in the number of places. The Government allowed institutions to require minimum marks in the national entry examinations.
1997/98 Change in the method of calculating family income for support purposes, and an increase in student grant amounts and the number of recipients; the maximum grant was made the same as the national minimum wage, to which grants were to be indexed for purposes of automatic updating; tax allowances were extended; tuition fees were reintroduced, with specific support for student grant holders. Examination of future developments, gradual extension of support to students in private sector higher education, introduction of a loans system, increase in the housing support subsidy and a review of subsidies for student meals; possible award of grants to postgraduate students in the polytechnic institutions of higher education.	- give students an opportunity to become independent from their families; - maintain the principle that state support should complement the family contribution; - meet the growing need for student accommodation.	Financial resources earmarked for student support have been rising and, in 1997, exceeded 10% of total expenditure on higher education. The grants budget was expected to grow by about 40% in 1998. Extensive debate on the likelihood of groups of students incurring debt, and not repaying loans. The development of universities located away from urban centres is being pursued to encourage student mobility. The housing supply also makes these institutions a more attractive proposition.

FINLAND

REFORMS	AIMS	CONTEXT
1946 Establishment of a loan fund for a first degree (with state-subsidised interest repayments). It had very limited resources and awards were for one year.	- promote equal educational opportunities by awarding support to the most gifted financially poor students.	Economy burdened by post-war reconstruction. The role of parents and real need as criteria in the award of grants were emphasized.
1948 Reform of the university scholarship system.	- develop a centralised system for first-year studies.	Rapid economic growth until 1975.
1959 State-guaranteed bank loans, and scholarships for gifted financially poor students for partial or entire repayment of their loans.	- promote equal educational opportunities.	Previous reforms did not have the results intended. Only a small proportion of students obtained support.
1969 State-guaranteed bank loans (for up to 8 years) with government-fixed interest rates. The reform included the setting up of a grants system to help students repay loans. In three years, there was a considerable increase in the number of students contracting loans and the individual amounts borrowed.	- move towards universal support; - limit the impact of regional and economic factors; - ensure the availability of a skilled work-force; - limit student reliance on paid work during courses; - encourage people to take the decision to study, a decision of benefit to the entire community; - ensure a reasonable standard of living for a particular social group.	The impact of the foregoing system was very limited given the shortage of capital. At the end of 1967, only 7% of students obtained support. In 1969, student financial support was less than 0.1% of the central government budget. The idea of a state loans system was regarded as too expensive and rejected. The positive attitude towards private banks was attributable to the fact that they were prepared to award student loans at government-fixed interest rates. The demand for a skilled work-force was growing. The development of a student support system was entirely consistent with the policy of building a welfare state. Studying was still considered an investment by someone in his or her own future, so students had to make a financial contribution to the cost of education. The centre-left government coalition of the end of the 1960s sought to promote equality between different social groups and the various regions. The right-wing opposition was also in favour of reforming the student financial support system.
1972 Introduction of a grants system means-tested with respect to student and parental income. The grant was deducted from the amount of the loan and the conditions of award were relaxed. Grant amounts were not automatically indexed. The purchase value of support was at its peak in the middle of the 1970s. During the 1970s, also, tuition fees were abolished at the same time as the universities became state property.	- take account of the financial situation of parents in the award of study grants.	There was a general trend in favour of parental support. The number of students increased. Universities applied a highly selective *numerus clausus* and competition was intense. Attempts to reorganise courses to shorten the period of study were unsuccessful; on the contrary, courses became longer. During the 1970s, runaway inflation was to the advantage of students who had obtained a loan. The amounts to be repaid had declined substantially in value since the time of graduation when repayment began. The number of students who had paid work decreased to only a quarter of all students. The reform thus achieved one of its aims which was to promote full-time study. The national union of Finnish students actively supported the development of study grants. Increasing debt among students led to discussions regarding the apparently unfair terms of repayment and to proposals for earnings-related repayments that were never implemented.
1977 Study grants became independent from government support for the repayment of loans (in that grants were no longer deducted from loans). The conditions of award became more flexible and amounts increased. A new form of financial assistance was introduced, namely the housing benefit. Both forms (grants and housing benefits) were parental means tested.	- support students to whom banks were no longer willing to extend loans; - compensate for the restrictive loans policy; - support those really in need; - reduce the burden of debt.	The rapid growth in the number of low-interest student loans began to alarm the banks in the context of an economic slowdown (after the oil crisis). There was too great a disparity between fixed interest rates on student loans and private interest rates. It was increasingly hard to obtain a loan, with the banks tightening their student loans policy. Students started dropping out of courses whose heavy workload left little time for them to find paid work. Meanwhile, courses became longer. The slack labour market and the start of loan repayment after graduation led students to postpone acquisition of their degree. Shortcomings in the financial support system were thus regarded as the reasons for prolonging studies.

REFORMS	AIMS	CONTEXT
		or dropping out. There was discussion of the fairness of the grants system, and whether grants should be awarded to students who could normally expect to earn high incomes. Parental means testing in the award of grants seemed inconsistent with the principle of student financial independence.
1980s Gradual increase in the grant share of total support.	- reduce paid work, dropout and the total period of study.	The economy picked up, with a healthy labour market until 1990. The share of public expenditure increased. From the start of the 1980s, inflation was brought under control, and loan repayment became more costly for students. Loans thus became less popular as students began to avoid them. In 1984, financial support to students accounted for 1% of the state budget.
1987 Grants accounted for 50% of total support.	- reduce paid work, dropout and the total period of study.	In 1986, the banking system introduced market rates of interest, and gradually abandoned loans at government-fixed interest rates. With higher rates, loans became increasingly accessible but even more unpopular. A rise in the number of students engaged in paid work during their courses (with a shortage of workers in some sectors, so that students could gain familiarity with the world of work while supplementing their now inadequate income from financial support). There was discussion from 1987 on ways of using the financial support system to help limit periods of study, in particular through the award of grants to students who obtained the best results. This proposal was rejected by the authorities, which maintained that financial assistance was intended for those in need, and not a form of reward.
1992 Increase in the study grant (to cover 70% of the cost of living) which meant that grant amounts more than doubled. Interest-bearing loans at market rates students did not pay the interest on loans during their period of study. Parental income was not to affect the award of support; the system became 'independent' from all family-related policy considerations. All student income became taxable (including grants which had previously been exempt from taxation).	- compensate for the inconvenience caused by market rates of interest by increasing the share of the grant. - shorten the period of studies and limit dropout. - simplify the various systems of support (lending support after graduation).	The economic situation deteriorated in 1990 (with a downturn in the market for timber-based products), high unemployment rates and the development of a banking crisis. There was a loans crisis, liquidation of investment and considerable reliance on public funding to rescue the banking system. In 1991, barter trade with the Soviet Union was ended, and there were many bankruptcies. The authorities feared increasing difficulty for students in obtaining loans if interest rates did not conform to the very high market rates. Less than a fifth of student grant-holders took out loans. The criticism of the system was that students took up paid work, which lengthened their period of study or led to dropout. Furthermore, 15% of students were entitled to living allowances (only awarded if loans were unobtainable). In 1991, the AMK institutions for advanced vocational training were established.
1994 Support was limited to a 55-month period for a Master's level course.	- achieve more balanced public expenditure. - reduce the period of study.	Following the 1992 reform, students avoided interest-bearing loans at market rates and, as grant amounts could no longer be increased, turned to other sources of income such as paid work and parental support. In 1993, the use of vouchers to fund higher education was examined. A decision to introduce a 500 FIM registration fee was not implemented. There were cuts in the budgets of higher education institutions. From 1993 to 1995, measures were introduced to improve the balance of public expenditure. There were cuts in expenditure, and increases in income tax and other forms of direct taxation, etc. In 1994, the unemployment rate reached 18%. Amounts of financial support were now too low compared to unemployment benefit. The government could no longer increase the amount of support. The only realistic solution was to reduce other social benefits (a process that began in 1996 when unemployment benefit was withheld from young people without qualifications who refused training). In 1997, financial support to students was 2% of the state budget.

Appraisal Over the last 30 years, several problems have been permanent, including students taking longer to complete their courses, income-related difficulties, student dropout and debt.

SWEDEN

REFORMS	AIMS	CONTEXT
Before 1945 Special national fund for the award of interest-free loans and full grants for the poorest students. The award was based on merit; student and parental income were taken into account.	- enable gifted students in need to embark on higher education.	Public resources were limited after the First World War and during the recession in 1930. The system grew slowly (25% of students obtained support during half their period of study).
1946 Introduction of graduate loans: all graduates could transfer private loans into state-guaranteed loans at low rates of interest (0.5 of a percentage point above the bank rate deposit) repayable over 15 years.	- start to make support more universally available. - avoid an unfair burden of debt on private loans.	Until 1946, most students supported themselves with private loans, since few were entitled to special assistance. The obligation to repay sometimes put them in debt for life.
1950 Introduction of state-guaranteed loans from the outset of study; amounts were high to cover the cost of living. The student and parental upper income limit for awards was raised and the merit criteria were relaxed. Repayment over a 15-year period began two years after the end of studies. The low interest rate was based on that of graduate loans.	- the second stage towards more universally available support. - boost social mobility through the enrolment of students from a working class background.	In 1947, only 8% of students in higher education were of working-class origin, as compared to 15% in 1960. The problem of loan repayments and the ability-related criteria were partly responsible for low social mobility among students. The problem of loan repayment was especially acute in the first years of working life. Tax allowances on debt tended to benefit the highest wage-earners. In 1959, 50% of students obtained support.
1961 25% of the debt capital for loans was cancelled.	- further reduce the graduate debt burden.	The problem of graduate debt grew with the increasing number of students who obtained loans.
1965 A new support system combining grants (25%) and low-interest-rate loans (75%). Merit criteria and dependence on parental income were abolished. The student and spouse upper income limits for awards were raised. Ongoing student attainment was taken into account in the continuation of support. The amount of support was proportional to income, and loan repayment was spread out and income-linked.	- ensure that admission to courses was not restricted or linked to economic factors. - prevent admission from being linked to merit and boost social mobility. - ensure satisfactory student progress and limit the period of study. - simplify the regulations and make the system more uniform. - seek even more universally available support. - ensure that young people were financially independent from their parents.	*Olof Palme* Commissions were set up with a view to implementing equality of opportunity and the right of all to benefit from higher education. The aim was to boost student enrolment from the under-privileged social classes, which was considered inadequate, by re-examining the system of financial support with due regard for the resources available. The low proportion of grant support (25%) was based on considerations of overall social fairness, since graduates generally earned higher incomes than other wage-earners. The financing of institutions and student support developed independently of each other.
1970s Age limit for awards raised from 40 to 45. Merit extension to part-time students (1971); a series of concessions, between 1973 and 1975, relating to the dependence of students on their spouses' revised of the rules for repayment, with the introduction of a regulatory index (1975).	- reduce dependence on spousal income. - continue to seek more universally available support. - lessen the graduate debt burden.	Around 1971, the methods and regulations relating to repayments began to attract criticism. Only interest on private loans was subject to tax allowances. Procedures for calculating the amount to be repaid made the latter difficult to monitor because of fluctuations (including inflation and the link with the minimum wage). There was increasingly severe criticism of student dependence on spousal income, with concern also for equal treatment of women. The upper age of students was over 25, yet the support system was devised with reference to the needs of the 20-25 age-group.

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REFORMS	AIMS	CONTEXT
1980s Award of support became independent from spousal income, but debt repayment did not (1980). The period of award was limited to six years of study instead of eight (1982). Student debt repayment became independent from spousal income (1988). Gradual diminution of the grant proportion of support (from 25% in 1965 to 6% in 1988).	- give young people total financial independence. - lessen the graduate debt burden.	At the end of the 1970s, inflation was such that applications for loans increased. The debt burden of new students also increased in part because of the decrease in the proportion of grant support. With the new system of repayment, the debt incurred by former students levelled out and became tolerable. For most of those involved in repaying loans, there was no longer a problem. The system remained unchanged between 1975 and 1989. Prices rose faster than the index for calculating support whose purchasing power and contribution to subsistence were thus gradually weakened. Evaluation over a 20-year period showed that the state contribution to the total amount of loan interest represented a high-level subsidy accounting for around 50% of the total amount of support.
1989/90 1988 Government bill. Marked rise in the grant share of support, and diminution in state subsidising of interest repayments. Increased private contributions to the repayment of the real amounts of loan interest (50% of the interest, raised to 70% in 1993). Annual repayment could not exceed 4% of income. Those with high incomes repaid their loans faster than previously.	- convert part of the state subsidy for interest repayments into support for grants. - maintain state expenditure at the same level. - ensure that repayments may be required on the part of all wage-earning former students, without penalising those with the lowest incomes. - lessen the student debt burden.	Establishment of a commission to plan for a reform of the system without increasing expenditure, by analysing its share of profit and the real rate of state subsidy. Economic recession and a major tax reform in 1993 had implications for tax allowances on loan interest repayments. The crisis had repercussions for almost the entire social security system. Students were not especially affected unless they were parents, since there was a reduction in family allowances.
1994-1998 Setting up of a commission in 1994 to organise a unified support system. The report submitted in 1996 provided for an increase in the grant share, an increase in the age limit for support and revised arrangements for loan repayment. A draft reform will be submitted to Parliament, on the basis of the principles set out in the report.	- balance the individual and state financial contributions. - reduce graduate debt. - reduce inequality of access.	The initiative has been based on the firm belief that higher education is a worthwhile investment for both the individual and society. It is therefore reasonable that both parties should make a financial contribution to it. Studies have shown that an increasingly significant number of former students who received support are heavily in debt and unable to continue their repayments, at considerable future cost to the state. Student unions, higher education institutions, political parties, banks and public opinion in general have all sought to influence the work of the commission. They continue to maintain this pressure, pending implementation of the scheme in its finally agreed form.

Appraisal Surveys show that, over 30 years, trends in student participation in higher education have changed. The number of women has increased, and 40% of students would not have begun their courses without financial support. Studies also indicate that, although social background does not determine the composition of the student population in higher education to the same extent as previously, its influence remains significant at two points in particular: first, in the under-representation of students from under-privileged social classes in the preparatory classes organised in secondary schools prior to university entrance; and, secondly, in the smaller number of these same students (four to five times fewer than those from other social classes) who actually enrol in higher education. Research findings suggest that support has played a part in reducing this kind of social bias in access to higher education, but that its impact has weakened with time.

UNITED KINGDOM

REFORMS	AIMS	CONTEXT
1944 *Education Act* grants awarded by Local Education Authorities (*LEA*) and State scholarships to allow disadvantaged but deserving students to attend university. LEAs paid tuition fees.	- remove financial barriers facing students from disadvantaged socio-economic backgrounds - avoid the loss of talent useful to the nation - be more fair to those unable to pay for their own higher education	Local Education Authorities (LEA) were free to determine the level of support to be awarded to each student. They generally paid all tuition fees and covered a portion of living expenses on the basis of a needs analysis. The student population increased from 14 000 to 60 000 between 1949 and 1958.
1946 *Education (Scotland) Act*. Similar law for Scotland. *Student Awards Branch* (section established in Scotland to play the role of LEAs).	As above.	
1962 Law establishing that LEAs and the Student Awards Branch were required to award support to cover tuition fees and contribute to student living expenses on the basis of national criteria and subject to family means testing to students taking courses leading to a first qualification; the amounts of this support to be subject to annual revision generally in conjunction with cost of living indexes.	- provide an opportunity to study and take advantage of a university education to all who have the ability. - find a balance between costs supported by the State (all education expenses) and those supported by students' families.	The Anderson committee was established, and this measure followed the recommendation in its report emphasising two principles: the balance between the benefit of the education for the State and that for the individual and equal access regardless of gender. The underlying principle was that families with means must contribute to students' living expenses. The Anderson committee also considered establishing a system of loans, but rejected it on the grounds that the obligation to repay a loan would constitute an inopportune burden at the beginning of a professional career.
1965 Introduction of social benefits for students (students could request supplementary allowances during holidays).	- adapt the social security system.	Social security allowances were not introduced specifically for students, but the latter were able to establish a right to some benefits. Changes in the social security system and changes in student behaviour turned these allowances into a significant share of students' budgets. In 1986-87, 77% of students asserted their right to these allowances. This provision for students was to be abolished in 1990. In 1979, a conservative government came to power. Between 1960 and 1988, the number of students increased significantly.
Between 1985 and 1995. Progressive reduction in the grant amount (by 27%).	- limit taxpayers' contribution to student living expenses.	Different governments undertook general measures to reduce public expenditure in the light of budgetary constraints. Growth of gross domestic product in real terms in the United Kingdom had continued to decline since 1970 (as compared to the European average).
1988. Introduction of *Career Development Loans*.	- increase private contributions from families with means. - cover the potential lack of loans for those who wish to become students and who, for whatever reason, were unable to obtain a grant.	Economic recession at the end of the 1980s. Abolition of tax allowances for parents of students over the age of 18 if they paid their contribution to the child in education as a form of declared income (deed of "covenant"). Such allowances were considered an inappropriate interpretation of the legislation regarding deeds of covenant, which was intended to apply primarily to donations to charity.

REFORMS	AIMS	CONTEXT
1990 Government reimbursed all the costs borne by LEAs and the Student Awards Agency in Scotland in providing financial support to students, and allocated allowances to higher education institutions to award grants to needy students on a discretionary basis (*student access funds*).	- limit role of LEAs in providing student financial support; - provide support in cases where access to higher education would be rendered impossible for financial considerations or where students would, for whatever reason, have to face real financial problems.	Changing relations between LEAs and the central government in various fields (relieving LEAs of their educational responsibilities). The conservative government's recurring theme during its tenure of office from 1979 to 1997 was that it would improve the quality of public services through consumer pressure.
1990 Introduction of loans for all students in addition to grants (*top-up loans*); students' entitlement to social security allowances abolished. **1990** Grant amounts were frozen to their nominal value in 1990/91. The intention was to gradually increase the amount of the loan until it was equal to that of the grant and the parental contribution (50% loan/50% grant or parental contribution).	- handle increases in the student population and the accompanying rise in potential candidates for support; - respond to the increase in students' cost of living; - ease parents' financial burden, which has tended to grow; - compensate losses in the value of cost-of-living grants; - increase participation by all social sectors in higher education; - reduce students' dependence on their parents and the State; - increase the share of education costs borne by students; - encourage students to rely less on grants.	Increase in cost of living and parental contributions for students. Parental contributions became difficult for families with incomes barely above the national average. Reduction in the value of grants forces students to turn to other sources of income: work, social security allowances, loans, etc. during the academic year or during the long holiday period. The 1987 *White Paper* emphasised that growth in the student population must be encouraged, but that the support system would be unable to extend it further. The demographic reduction among groups of matriculation age needed to spur renewed efforts for higher education recruitment. Participation by economically disadvantaged groups had not increased as much as desired. According to the government, graduates benefited more individually than society did as a whole from public investment in higher education. Furthermore, grant reductions did not impede growth in the student population. Proof that students saw the benefit higher education represented for them.
1994 Grants reduced by 10% each year; loans increased proportionately to accelerate the process initiated in 1991; modification of financing for higher education institutions with decreased awards and increased tuition fees reimbursed to higher education institutions by the government through LEAs and the Student Awards Agency in Scotland.	- increase the number of study places in higher education institutions; - highlight students' position as clients and consumers vis-à-vis the institution; - encourage institutions to make themselves attractive and efficient.	Desire to reduce the proportion of national revenues dedicated to public expenditure.
1998/99 *Teaching and Higher Education Bill*. Package of measures including part-payment of tuition fees by students in proportion to parental income; substantial reductions in grant amounts; loans to replace grants completely in 1999/2000; support for new students will only be available in the form of loans.	- increase contribution from families with means; - reduce students' dependence on the State; - increase the share of education costs assumed by students.	This package of measures followed recommendations formulated in a report (*Dearing Report 1997*) requested by the Minister of Education under the Conservative Government and accepted by the Labour Government in power since 1997.

Appraisal. According to a recent study, 70% of students received a grant in 1996, of whom one-third received a full grant. The great majority of students received the rest of their income from their parents. During 1995/96, half of the students took out a loan as opposed to 35% in 1992/93. One third of students who were entitled to a loan did not take one because they did not wish to borrow, were reluctant to have debts, or were dissuaded by their parents. The constant desire to increase the student population can be explained by the Government's wish to make the United Kingdom competitive with other countries in this area. The Government in effect recognised that the quantity of higher education and training in the United Kingdom was not increasing as fast as in competitor countries, and that this was likely to have a detrimental effect on economic performance.

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ICELAND

REFORMS	AIMS	CONTEXT
1911: Study and housing allowance grant for students at the University of Iceland. When these grants were introduced, the great majority of students received them, but afterwards the proportion of recipients gradually declined.	- ensure that students had the financial means to study. - ensure that all students had equal access to higher education. - provide support on a universal basis.	Permanent awareness among politicians of the need to provide opportunities for study, including appropriate funding, in the transition from a rural society to an urban industrial one. The prevalent view was that there was a strong egalitarian dimension to higher education. It was virtually free. It was a tradition that students should be financially independent from their parents. The ratio of public expenditure to GDP was relatively low compared to other Nordic countries.
1918: Grants for study abroad.	- promote study abroad for financial and educational reasons.	When Iceland became politically independent in 1918, Danish support for Icelanders studying abroad was no longer available. There was a long tradition of Icelandic students abroad. The financial motive was that this represented substantial savings for a small country unable to offer a fully comprehensive range of courses. The educational motive was that diversity of provision in education was nonetheless ensured.
1952: Grants were almost completely abolished to be replaced by loans at a fixed interest rate of 3.5%, repayable over ten years with no interest during the period of study, and repayment starting three years after the end of studies. First-year and second-year students on courses in Iceland were only exceptionally entitled to loans. Grants and loans were awarded for study abroad.	- offer all students the financial means to study. - provide support on a universal basis.	The system of grants introduced in 1911 had not kept pace with the growth in the student population. In 1951, only a third of students received grants. Students exerted pressure for a more reliable system of funding.
1961: Creation of an Icelandic Student Loan Fund. The period for repayment became 15 years, and grants for students going abroad were abolished. Students from other Nordic countries became eligible for loans.	- offer the same support to all students (whether on courses in Iceland or abroad). - increase the amount of support and the number of students supported.	
1967: New system grants and loans. First-year students became eligible for loans. Grants were introduced for studies for a second qualification. Support for study abroad was only available if similar courses were not available in Iceland. Interest bearing loans at 5%, unchanged period for repayment, no interest during the period of study and repayment to start 5 years after the end of studies.	- make the system more egalitarian. - increase the amount of support to fully cover the student cost of living.	A thriving economy in the 1960s. Awareness among politicians of the probable growth in the student population. Before the reform, support covered around 50% of the estimated student cost of living.
1968: Extension of support to other kinds of course (diploma and technical training). **1972**: Extension of support to vocational training.		
1976: Loans at 5% interest were replaced by an indexed, index-based loans system. Repayments were income-linked, with due regard for changing personal and family circumstances (spouse, children): they stood at some 2-3 % of annual taxable	- ensure the viability of the Icelandic Student Loan Fund, and find a long-term solution to its attendant financial problems. - continue to cover the entire cost of living.	A very substantial growth rate in the preceding 30 years. High inflation rates: loans at 5% nominal interest were negative in real terms. Increasing student enrolment. Central government reluctance to earmark additional resources for the Fund to satisfy the increasing demand. The Fund ran into debt. Student loans were the first in the entire financial system to be index-linked in a way that would subsequently become common practice. Students were represented on most decision-making

REFORMS	AIMS	CONTEXT
income. Any debt was automatically cancelled after 30 years. Student grants were almost entirely abolished, with only a few grants for study abroad and special grants for those obliged to change their residence in order to study.		committees and became a real political force. Unemployment remained low and encouraged students to give up their courses for a paid job.
1982: it became possible for students to contribute to pension funds during their studies. The repayment formula was simplified, with a reimbursement rate of 3.75% of private income. The period of repayment was 40 years.	- strengthen the solvency of the Fund; - increase the percentage of repayment actually borne by students.	Parliamentary debate on the level of subsidy. As very few former students entirely repaid their loans with the debt cancelled after 30 years, the period for repayment had to be increased. Support for greater or lesser subsidies depended on whether education was regarded as a social investment or personal benefit. The tendency was to move closer to market principles, according to which everyone was meant to assume responsibility for his/her personal decisions.
1992: Reform of the system: with adoption of a real rate of interest in addition to capital indexing (at a maximum 3%, subject to the decision of the Minister of Education). Rise in the proportion of income earmarked for repayment: 5% in the first five years after the start of repayment, 7% after that. Time limits for repayment abolished. Award of post-study loans (after satisfactory completion of six-monthly examinations). Security required for loans. Between 1991 and 1992, student borrowers fell from 8124 to 5277. The amounts borrowed also diminished.	- strengthen the solvency of the Fund; - make student attainment a firm requirement.	Falling rate of inflation between 1985 and 1991, and a relatively low rate since. Fund finances became more precarious, first, because the state contribution to the Fund fell in just a few years from 70% to 45 % as a result of the economic difficulties and, secondly, because the individual amounts borrowed went up in the wake of student pressure. In addition, the Fund borrowed at domestic interest rates and lent at rates that were negligible. Students protested against the reform (especially the condition of attainment for award).
1997: The share of income earmarked for repayment decreased from 5% and 7% to 4.75%. Support became available for students from EEA countries under certain circumstances. Creation of an appeals committee to settle disputes between students and the Fund. Introduction of support awarded specifically to former students to cover the extra costs of late payment.	- soften the impact of the 1992 decisions, by increasing the state subsidies.	Student resistance to the 1992 reform. Unemployment peaked at 5% in 1995, and has since declined. The increase in unemployment led to the belief that boosting education was needed to improve the labour market. By contrast, the subsequent decline has led students to turn away from study. The state contribution to the Fund has continued to fall gradually to just 25%.

Appraisal In terms of state funding, the 1992 reform was a success. It reduced the number and the amounts of loans without significantly reducing participation rates. Yet this interpretation does not take into account other possible effects, such as discrimination to the detriment of certain social groups and especially students with dependent children. Neither have all students been able to offer acceptable security, so that their loan entitlement has been compromised.

While there is a limit on the period over which loans can be awarded, there is no limit on the amounts borrowed. The system was especially generous for students with families, as long as they were not expected to repay the entire loan. This policy has aimed reasonably enough to enable some students to continue courses to an advanced level even at very expensive institutions. But it has also meant that students are not deterred from continuing to borrow very high amounts, since they will not repay these new loans. Student representatives consider that, besides being a financial institution, the Icelandic Student Loan Fund has a part to play in the development of human capital and that, in this role, it is failing. Yet its contribution has never been formally defined in this way. It is seen, rather, as an institution whose task is to contribute to the social welfare system.

From a more positive angle, the Fund is regarded as a generous flexible system. Each loan is carefully tailored to circumstances. Among student criticisms are the lack of security and excessively frequent changes in the regulations.

Furthermore, the relative difference between the highest and lowest salary levels in Iceland, and in the other Nordic countries, is not as great as elsewhere. Investment in higher education is not rewarded with high salaries. With the increase to students in the cost of loans and the current trend towards higher tuition fees, pressure to accentuate differences in income levels to reflect levels of education is likely to intensify in the near future.

LIECHTENSTEIN

REFORMS	AIMS	CONTEXT
1961 National legislation dealing with financial support: regulation of a system of grants and interest-free loans awarded taking into account students' and their families' income; each year, the amounts of the grants, loans and maximum income levels for support are indexed to the consumer price index; consideration of academic results and progress; selection on the basis of students' behaviour and ability; support is discontinued if a year must be repeated; it must be reimbursed if students drop out of school.	- increase the number of qualified graduates in response to the needs of the market. - promote education for young people possessing the qualities required to study. - reduce the financial difficulties of families facing the cost of higher education.	The system is characterised by a long tradition of support granted to young people in higher education by private foundations which were replaced by public support at the beginning of the 20th century. Economic growth during the 1950s and 60s made necessary an increasingly qualified workforce and a corresponding adjustment in the education system to meet this demand. The number of young people undertaking higher education increased sharply as did the number of students receiving support. This development made necessary a more precise procedure in calculating national financial support correctly. The national grants committee (*Stipendienkommission*) responsible for implementing support receives a statute, which gives it decision-making power subject to government control. In 1962, the amount of support came to 3% of the total of public expenditure for education.
1963 Amendment of the Law with an increase in the maximum income levels allowed for selection and possible tax deductions.	- take into account the general increase in the cost of living.	Some criticisms arise concerning the failure to consider the situation of middle class families whose incomes are just above the limits for obtaining support while the consumer price index has risen significantly.
1972 Revision of the law, retaining the basic principles of the previous system: support includes a grant covering the entire cost of higher education and 50% of living expenses. The remaining 50% can also be obtained in the form of an interest-bearing loan; support can be provided for a maximum one year more than the theoretical duration of the course; support is extended to foreign students resident in Liechtenstein for at least five years; performance criteria and selection on the basis of students' behaviour are abolished; the method of calculating the total amount awarded is modified by a system of points assigned on the basis of the criteria employed during the selection process. Consideration of 1/20 of students' or their families' taxable assets and property in addition to the amount of their taxable income in determining students' right to be selected for support and to calculate its amount.	- ensure greater social justice. - allow greater transparency and simplify the administration of the system. - make amendments easier when the economic situation changes. - take better account of particular situations.	Reiteration of the principle of parents' financial responsibility for their child(ren) to the extent that they have the financial means.
1977 Amendment of the national law with abolition of the point system; reduction of the amount awarded in proportion to the revenue that can be raised beyond a certain established limit.	- make the system of calculating selection more transparent and clear. - ensure greater social justice.	The system of calculating by points is difficult and poorly understood by the families and students.

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REFORMS	AIMS	CONTEXT
1996: Complementary law on support for foreign students who are members of the EEA to be given treatment equivalent to nationals; reimbursement of various expenses (accommodations, cost of higher education abroad, etc) on the basis of justifications with a maximum amount; increase of the basic annual amount after the first year of study; consideration of 5% of parents' taxable assets in addition to their annual income; decrease in the amount of support if both parents hold paid employment; increase in the amount of allowable income proportionate to the number of children still in education.	- respect international agreements; - keep private contributions from families with means to a reasonable level; - ensure greater social justice.	The 1996 Law makes reference to the equal rights of men and women described in the Constitution. Adhesion as a member of the enlarged European Economic Area (EEA) in 1995. In 1996, the total amount of support for students seeking a first certificate in higher education came to 2.33% of the total education budget.

NORWAY

REFORMS	AIMS	CONTEXT
1947 Setting up of a national state-guaranteed loans fund. Reasonable terms for repayment with government repayment of interest during the period of study. Grants available from higher education institutions.	- satisfy the growing need for a skilled work-force. - achieve greater social justice. - boost enrolment of young people from less privileged social backgrounds in higher education.	Establishment of the fund was preceded by widespread debate. Besides the significance of the planned social policy, it was agreed that the loans scheme should not be administratively costly. Between 1946 and 1956, the scheme was gradually extended to include a growing number of institutions. There was the political will to make the loans fund responsible also for the award of grants.
1956 Establishment of a centralised system of separate grants and loans. Support was means tested with respect to parental income.	- centralise the award of grants which had been managed by institutions.	
1968 Grants for students living away from their parental home.	- take account of student living conditions.	A 1964 recommendation from the grants and loans committee on the introduction of grants to assist students living away from their parents' home because of its distance from their higher education institution. 1967-68 report to the *Storting* (parliament) which emphasized the aims of the support system.
1970s The total amount of support awarded increased considerably. Several simultaneous specific schemes for particular groups of students. Changes in the regulations governing repayment which took account of incomes, a reduction in the grant share of total support and a rise in interest rates.	- fight unequal opportunities for access arising from geographical factors or differences in financial resources. - improve conditions of study in such a way that it was fully effective. - satisfy the need to develop a skilled work-force.	Between 1968 and 1976, the student population rose from 24 115 to 40 863. The number of applicants for support substantially increased. Shortage of places in institutions, and an initial trend towards study abroad.
1975 Introduction of a method for regulating the cost index used to calculate student repayments.	- tie the cost index to industrial wages so that their relative growth would be the same.	
1976/77 Abolition of spousal income means testing, extension of support to part-time students, "block rules" for particular course combinations with support available for five to seven years of study.	- respond to the demands of the women's liberation movement. - extend support to part-time students, or those enrolled on less conventional course combinations.	The women's liberation movement was increasing in strength. Students who chose less conventional course combinations were also growing in number.
1978 General repayment scheme (abolition of income-based classification, lowering of repayment instalment amounts).	- tackle the growth of student debt.	Debt was the result of changes in repayment regulations which took account of incomes, the increase in the cost index, the reduction in the grant share of total support and the rise in interest rates.
1985 Student financial support Act. Grants became included in total support with the system made more uniform; the age limit for dependence on parental income was lowered to 20, with 19 planned for the 1987-88 academic year; there was to be a larger share of grant support for younger applicants; fully subsidised interest rates during the period of study.	- aims were those of the 1970s though with greater determination to fight inequality and promote equal access. - provide opportunities for study irrespective of geographical factors, financial or social circumstances, or the age or sex of students.	1979 recommendations of the student funding committee and other reports. Most political debate highlighted regional political aims and equal rights, irrespective of social background. In 1980, a ministerial proposal to apply interest rates to the period of study was rejected. A conservative government replaced the labour one in 1981. In around 1983-84, the ministry sought to take account of two issues in reform: the purchasing power of students and the level of subsidy.

REFORMS	AIMS	CONTEXT
and special travel grants were maintained; terms governing repayment were not subject to constant change.		
1980s Periods for repayment were shortened; interest rates rose substantially from 6.5% in 1977 to 11.5 % in 1983; introduction of compound interest on instalments; the grant share of support was reduced.	- the state subsidy was virtually eliminated from the terms of repayment.	All who had taken out loans were in a crisis situation. Student organisations and professional associations protested against the rise in interest rates. Students began to be extremely cautious about borrowing. The proportion of students contracting loans fell from 76% in 1980 to 63% in 1990.
1988 The age limit for dependence on parental income was reduced to 19. Loan repayments for some students were cancelled.	- increase the number of students on courses after a first degree, or those studying in the northern part of the country, as well as the number of doctors in remote regions.	In 1986, a labour government replaced the conservatives. The report of the liaison committee for student applicants requested an increase in the amount of support, the cancellation of loans in case of illness and repayment instalments proportional to income. Proposal of the ministry of culture to abolish loans for students in the northern part of the country.
1989 A new repayment scheme so that repayments could not exceed 6 % of income for seven years. It was expected that the entire sum borrowed would be repaid.		In a 1989 change of government, the conservatives returned to power for a year. The changes of government did not affect the basic objectives of the support systems. A ministerial report to the parliament emphasised that gearing repayment instalments to income was undesirable in that it was costly and complicated. It proposed an upper limit to the proportion of income represented by monthly repayments. The loans and monthly repayment indexing system led to substantial long-term defaulting on payment and was inappropriate.
1990 Extra loan repayment cancellation bonus for those who completed their courses in the normal period of time.	- encourage students to complete their courses rapidly.	There was a growing tendency to part-time study and the prolongation of studies. There was massive growth in the number of student applicants for a place in higher education (from 105.000 in 1987 to 175.000 in 1995) which was due primarily to the development of the labour market, the extension of courses and demographic trends.
1994 Increase in the grant share of support for those who lived away from their parents (14.30% increase expected for 1998-99). Support was retained for up to one year longer than the normal period of studies in the case of students who fell behind. Lowering of interest rates (from 10 % in 1993 to 5.5 % in 1997).	- reduce the student debt burden and encourage full time study.	Between 1987 and 1995, there was a dramatic increase in average graduate debt burden because of the small grant share and high interest rates. Recommendations of the Student Funding and Welfare Evaluation Committee (1992-93) which emphasized how society and industry were increasingly knowledge-based, and that welfare schemes for students had a central bearing on how they made use of educational opportunities. Attention was drawn to the importance of boosting full-time study. New legislation allowed 16-19 year-olds to enrol for general higher education qualifications, or obtain a commercial or craft-sector qualification.
1995 Abolition of the 1990 extra repayment cancellation bonus for those who completed their courses on time.	- avoid discrimination in favour of more gifted students.	
1996 Discussion about financial support for students going abroad. Introduction of support for students involved in distance education.	- encourage students to study abroad.	An increase in the number foreign students in Norway, and Norwegian students abroad. A report to parliament proposed stepping up the effort to encourage study abroad.

Appraisal: The existence of a large number of distinct schemes for specific groups of students has compromised the overall consistency of the system.

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